

JPRS-UIA-90-010  
20 JUNE 1990



---

# ***JPRS Report***

## **Soviet Union**

---

***International Affairs***

# Soviet Union

## International Affairs

JPRS-UIA-90-010

### CONTENTS

20 June 1990

#### WORLDWIDE TOPICS

- University Rector Defends Training of Foreign Students [V. F. Stanis; PRAVDA, 13 May 90] ..... 1
- Ukraine's Participation, Activities in UN Described  
[G.I. Udovenko; KOMMUNIST UKRAINY No 4, Apr 90] ..... 1

#### EAST-WEST RELATIONS

- Economic Aspects of "Common European Home" Discussed  
[I. Ivanov; PRAVITELSTVENNYY VESTNIK No 18, Apr 90] ..... 5
- Polish, Soviet Specialists Discuss German Unification  
[O. Prudkov; LITERATURNAYA GAZETA No 20, 16 May 90] ..... 6
- East German Peasants Suffer Under Border Opening, Unification  
[S. Pomerantsev; SELSKAYA ZHIZN, 23 May 90] ..... 9

#### SOCIALIST COMMUNITY, CEMA

- Reappraisal of Economic Ties With CEMA Countries Required  
[S. Bulakh; NEW TIMES No 20, 15-21 May 90] ..... 12

#### THIRD WORLD ISSUES

- Cooperation Stressed as Way To Resolve Third World Conflicts  
[D. Volskiy; ZA RUBEZOM No 20, 11-17 May 90] ..... 14

#### GENERAL ECONOMIC AFFAIRS

- Reassessment Of Grain Import Policy Urged [A. Lapshin; SELSKAYA ZHIZN, 15 May 90] ..... 16
- Goskomtsen Letter on Retail Prices for Imports  
[USSR Goskomtsen; EKONOMIKA I ZHIZN No 18, Apr] ..... 18
- Free Market Mechanisms Explained [Ye. Bovkun, V. Tolstov; IZVESTIYA, 5 May 90] ..... 19

#### UNITED STATES, CANADA

- Formation of Bush Administration "Team" Described  
[L. Koryavin; PRAVITELSTVENNYY VESTNIK No 18, Apr 90] ..... 23

#### WEST EUROPE

- USSR, Italian Cooperation in Combating Crime [V.V. Bakatin, A. Gava; TRUD, 17 Apr 90] ..... 25

#### EAST EUROPE

- Age-Old Territorial Conflicts Continue To Plague East Europe  
[M. Aleksandrov; LITERATURNAYA ROSSIYA No 18, 5 May 90] ..... 27

#### CHINA, EAST ASIA

- Economic Growth of Newly Industrialized Countries Examined  
[V. Andrianov; ARGUMENTY I FAKTY No 20, 19-25 May 90] ..... 31
- Obstacles to Joint Soviet-Mongolian Economic Projects Described [V. Sapov; PRAVDA, 26 May 90] .... 32
- Journalist Scrutinizes Singapore's 'Economic Miracle'  
[N. Paklin; ZA RUBEZHOM No 15, 06-12 Apr 90] ..... 33

## NEAR EAST & SOUTH ASIA

Ambassador V. Popov on Yemen Reunification, Relations with YAR [V. Popov; MEZHDUNARODNAYA ZHIZN No 6, Jun 90] .....	38
Mubarak's Visit Provides New Prospects for Political Relations [V. Yaremenko; KRASNAYA ZVEZDA, 13 May 90] .....	42
Views on Progress in Near East Presented [Major R. Mustafin; KRASNAYA ZVEZDA, 20 May 90] .....	43
Objections Concerning Soviet Emigration to Israel Voiced [KOMSOMOLSKAYA PRAVDA, 5 May 90] .....	44
Palestinian Diplomat Comments on Arab 'Anti-Soviet Campaign' [R. Ash-Shayer; IZVESTIYA, 29 May 90] .....	46
Iraq's Military, Political Status Profiled [Yu. Georgiyev, Yu. Dakhb; ARGUMENTY I FAKTY No 21, 26 May-01 Jun 90] .....	46
Activities of India's Two Main Communist Parties Profiled [V. Shurygin; PRAVDA, 20 May 90] .....	48

## SUB-SAHARAN AFRICA

Foreign Ministry Official On Developments In South Africa [B. R. Asoyan; RABOCHAYA TRIBUNA, 22 May 90] .....	50
---	----

### University Rector Defends Training of Foreign Students

90UF0165A Moscow PRAVDA in Russian  
13 May 90 p 5

[Interview with V. F. Stanis, rector of the P. Lumumba Peoples' Friendship University, by A. Sharyy: "Can't Be Measured in Terms of Money"]

[Text] Today's Dialogue guest is Prof. V. F. Stanis, Doctor of Economics and rector of the P. Lumumba Peoples' Friendship University. The range of questions touched on in the conversation was determined by readers' letters to Pravda: "Why is PFU a 'secret' institution of higher learning?" "What principle is used in determining foreign candidates for admission to the university?" "Isn't the training of specialists from developing countries costing us too much money?"

[Stanis] I'll start with the last question. There is nothing comparable to our university, either inside our country or out. It is the only institution of higher learning in the world that was created primarily for teaching foreign citizens, although many states are involved in teaching foreign specialists in one form or other. From the moment PFU opened in 1960, to this day, the teaching of students from the countries of Africa, Asia and Latin America has been conducted on a cost-free basis. That is dictated by the principles of our foreign policy.

[Sharyy] So, the commercial principle does not apply?

[Stanis] No, why do you say that? Beginning next year, postgraduate training (refresher training, practice teaching, medical internships) will gradually be shifted to a paid basis. The activities of the research-and-teaching, production and joint enterprises are being expanded, and the amount of work performed on a contractual basis is increasing. But nevertheless, that's not the main thing. Neither education nor politics can be measured in terms of money. The financial outlays will subsequently be recovered in both economic and political terms. A utilitarian approach to the problem of teaching foreign students strikes me as wrong.

[Sharyy] How are foreign students selected for admission to the university?

[Stanis] About 5,000 students from 107 of the world's countries, representing about 450 nations and peoples are studying at PFU. Naturally, the university is not able to participate directly, at the local level, in the selection of all candidates. That task is basically performed by the public organizations of the countries interested in training specialists in the Soviet Union, and is conducted, as a rule, on a competitive basis. We, here in Moscow, study only the documents. There is a special laboratory at the university that collects and analyzes information on the quality of training at secondary schools and institutions of higher learning in various countries. The data obtained from the research are what we use to evaluate—initially, at a distance—the training

of a new student, and then, once the student is in Moscow, we conduct personal interviews.

[Sharyy] There are persistent rumors about the university's "elitism."

[Stanis] They don't square in the least with reality. The sole reason for the lack of sufficiently broad "publicity" for PFU are the limited possibilities for Soviet students to study there. This year, for example, we are able to admit only 250 people—a third of the total number entering—to all six basic departments of the university. We apply no "social" criteria in the selection process, and the sole mark of "elitism" at PFU is the high quality of graduates' training and its prestige, both inside the country and abroad. Incidentally, to get into PFU today, you don't need recommendations of any kind from a high-level agency or leadership body—all you need is a decision by your school's pedagogical council or, in a production situation, by your labor collective's council. The competition for admission—at a level of two to three candidates for every opening in recent years—has enabled us to fill our vacancies with quality candidates.

[Sharyy] The Western press has repeatedly carried reports to the effect that PFU is in reality a center for training terrorists and operates under "agency" tutelage."

[Stanis] Let the authors of those assertions vouch for their accuracy. I can say in no uncertain terms that we provide our students only with the knowledge that will promote the establishment of peace and mutual understanding among peoples.

### Ukraine's Participation, Activities in UN Described

90UF0139A Kiev KOMMUNIST UKRAINY in Russian  
No 4, Apr 90 pp 87-91

[Interview with Gennadiy Iosifovich Udovenko, permanent representative of the Ukrainian SSR to the United Nations, by A.I. Gonchar, journal department head: "What Does the Permanent Representation of the Ukraine to the United Nations Do?"; first three paragraphs are KOMMUNIST UKRAINY introduction]

[Text] We are encountering questions about the sovereignty of the Ukrainian SSR with increasing frequency in the many letters our editors receive. Our readers want to know, for example, about the Permanent Representation of the Ukrainian SSR to the United Nations.

We asked Gennadiy Iosifovich Udovenko, the permanent representative of the Ukrainian SSR to this organization, to tell us about this. He headed our Permanent Representation in 1985. Gennadiy Iosifovich is using all of his 30 years of diplomatic experience to strengthen our republic's position in the United Nations and to enhance its prestige.

He passed through all of the usual stages of diplomatic work. His biography is ordinary and.. extraordinary.



Here is just one feature. After completing his studies in the School of International Relations at Kiev State University, he was assigned to work as a kolkhoz chairman—part of the famous selection of 30,000. His wife, who had graduated from the School of Biology, worked as a soil scientist on the same kolkhoz, which was located, incidentally, in Kiev Oblast. After this he completed his post-graduate work and joined the diplomatic service. He has a daughter and a young grandson.

[Gonchar] What is the Permanent Representation like today? How many people does it employ? What do they do?

[Udovenko] I would like to briefly relate the history of the Ukraine's participation in the United Nations. We are often asked why the Ukraine and Belorussia are the only republics represented separately from the USSR in this organization. This is a completely understandable question. After all, the republic news media have little to say about the Ukraine's UN activities. Incidentally, people in America are also interested in this. Almost every day I receive a few letters from Americans asking about the Ukraine and wanting to know why it is a member of an international organization while, for instance, the state of Texas, the largest state in the United States, is not.

There is a simple explanation. According to the Constitution of the USSR and the constitution of our republic (Article 74), the Ukrainian SSR can enter into relations with foreign states, conclude treaties with them, and participate in the activities of international organizations as a founding member of the United Nations which has participated in its activities since the time of its founding. When the United Nations was being established, in view of the equality of all of our union republics, numbering 16 at that time, the Soviet Government proposed the membership of each to its allies, the United States and Great Britain. Roosevelt and Churchill, however, did not agree. During the subsequent lengthy and relentless debates, the USSR stressed that all of the union republics were concerned about the observance of their international sovereignty.

I want to stress the fact that the Soviet Government insisted on the equal representation of all of the republics. Lengthy negotiations resulted in an agreement that the Ukrainian SSR and the Belorussian SSR, which had made the greatest contribution to the defeat of Hitler's Fascism, would become founding members of the United Nations along with the USSR.

As far as legal issues are concerned, I can only repeat that the constitution of our republic grants it the right to participate in international activities, including the activities of international organizations. I always strive to include this argument in my replies to the questions about the membership of, for instance, Texas in the United Nations. After all, the American Constitution does not give its states the right to become directly involved in international affairs.

Therefore, the Ukrainian SSR, as a sovereign state, is represented in the United Nations on an equal basis with the other 158 UN members. The republic's interests are represented by its Permanent Representation. It has been operating since 1957. The staff has always been small, consisting of 15 members. In 1986 the United States unilaterally decided to reduce our staff, in violation of its obligations as the host country of the United Nations. The American side set a limit of 10 employees for us. This is a very low number—eight diplomats and two technical employees. In all fairness, I have to say that around 50 states have the same numerical representation but they have a much larger technical staff. We share a building with the Permanent Representations of the USSR and Belorussian SSR, but we occupy a separate floor. In the lobby of the building, a sign in our native language lists the staff members. I can assure you that there are no deviations whatsoever from diplomatic protocol in the representation of the Ukraine as a sovereign power.

We have our own budget, and we use it to finance the necessary undertakings connected directly with the activities of our republic.

I will quickly finish what I want to say. The political issue of the Ukraine's sovereignty in the United Nations has been settled completely, but the mechanism for the exercise of our sovereignty in relations with the union representation needs improvement.

As far as the work schedule of each specific individual is concerned, it is probably difficult to work 14 hours a day, and more when the General Assembly is in session. The Ukraine performs a great deal of work in UN establishments. We do literally everything. We do not specialize in a narrow field. Each staff member has to deal with a broad range of issues—from the problem of Cambodia to the conflicts in Latin America and the Middle East. Each of the diplomats performs his duties quickly and efficiently, displaying excellent professional qualities and a great capacity for work. This has not escaped the notice of the representations of other countries, contributing to the maintenance of the high prestige of the Ukraine and, as a result, of the Permanent Representation of the Ukrainian SSR. As for our "swank" life, now that I have already explained how "carefree" it is, our only advantage is probably the fact that we are not suffering from a shortage of food. Everything else is rather expensive for diplomatic personnel, whose salaries are quite modest.

I also want to stress another important fact. Some people might have the impression that the geographic distance from our homeland and its concerns diminishes our interest in it, but let us be completely honest and fair: First of all, the people on our staff are not simply diplomats, but also communists of long standing. The problems and difficulties the CPSU is encountering in the perestroika process are also familiar and relevant to us, as part of our unionwide organization. Second, we care, as the majority of Soviet people do, about the future of the fatherland which we represent and the

interests of which we uphold. For this reason, our party organization, despite its small size, acts and lives in accordance with the common pulse of the country. We carefully study and discuss all important party and government documents. Our analysis of the draft CPSU Central Committee platform for the 28th party congress was particularly competent. We submitted some specific proposals and suggested several amendments.

[Gonchar] Who sets the guidelines of your work? Many people believe that the Ukraine mainly repeats exactly what the Soviet representative says.

[Udovenko] We have a single foreign policy line—the one elaborated at the 27th CPSU Congress and 19th All-Union Party Conference and approved and enacted by the USSR Supreme Soviet. It is our official state policy. It would be impossible for the Ukraine to have one policy and Belorussia to have another. There are some specific features of our work, however, just as we have our own specific interests. This is understandable. Although our Permanent Representation pursues and conducts the policy line of our state, it also represents the interests of the Ukrainian SSR in the United Nations. There is close interaction in our work.

The Ukraine has always had its own identity in the United Nations. For example, the USSR is not a member of the Special UN Committee Against Apartheid. The Ukrainian SSR has been a member since the committee was formed. In fact, the Ukrainian representative is the vice-chairman of the committee. Furthermore, the struggle against apartheid is one of the most relevant political issues of our time. The Ukrainian diplomats who are working on this committee successfully are conducting the policy line of our state. This is also true of the committee defending the inalienable rights of the Palestinians.

[Gonchar] What has changed in the Permanent Representation's work in recent years?

[Udovenko] On the one hand, the work is easier because the establishment of the new political thinking has changed the general attitude toward us in the world. On the other hand, it has become more difficult.

The new political thinking is connected with a search for new determinants of the relations between the two social systems in the present phase of historical development.

We arrived at the new philosophy of interrelations by acknowledging the need for the radical revision of our ideas about the patterns of our own internal development. In other words, perestroika brought us to this new philosophy. This helped us realize the priority of common human values. In essence, this is the new political thinking. It is the opposite of the tenacious preference for forcible confrontation and the expectation of the "victory" of one system over the other. The view of mankind as a single entity necessitates cooperation, co-development, and interaction.

Each country and each nationality has the inalienable right to choose its own pattern of development. We uphold this policy in the United Nations. Any attempts to violate this right and to impose someone else's wishes on a country lead to the creation of seats of tension and undermine the extremely fragile balance achieved through the colossal efforts of the world community.

We are still afraid of telling the whole truth about what they write about us abroad and what they say about our domestic problems. All of this must be analyzed objectively, however, if we believe in the priority of common human values. Whereas we once viewed matters from the standpoint of the interrelations between the two systems—deciding what was convenient or inconvenient and what did or did not agree with our ideological principles—now all sides must seek a common language and methods of arriving at universally acceptable decisions.

[Gonchar] During the last session of the General Assembly, what kind of important international moves did the republic make?

[Udovenko] It was our job to participate in the discussion of issues at plenary meetings and in the committees, which numbered seven. Ukrainian SSR Foreign Minister V.A. Kravets joined the general discussion. He stressed that the republic actively supports the effective use of the potential of the United Nations to avert crises, keep the peace, and maintain international security. The United Nations has a particularly important role to play in preventive actions. Usually, however, it has to try to untie the knots of existing conflicts. One of the main purposes of the organization, however, should be the prevention of regional conflicts. In other words, it should not be expected to put out fires quickly, but to keep fires from starting. After all, any conflict can have broader implications. Now that the world is overcrowded with conventional and nuclear weapons, this is a threat to peace and international security.

This is within the power of today's United Nations, the universal international organization which is experiencing what Secretary-General J. Perez de Cuellar has called a genuine renaissance.

As always, the Ukrainian delegation took part in the discussion of almost all of the main items on the agenda, and there were many of them—over 60.

The activity of the Ukrainian diplomats is also attested to by the fact that the Ukrainian SSR was the author or co-author of over 40 resolutions. Each entailed a great deal of intense work. The Ukraine initiated the discussion of several important proposals in almost all of the main committees of the General Assembly. One example is the work in the First Committee, where disarmament and political issues are discussed. We put forth an important initiative on the role of the United Nations in the disarmament process. A resolution on this matter was approved by the international community.

In the Second Committee (dealing with economic issues), the Ukrainian SSR has taken an active part in discussions and in making decisions on ecological issues for several years. To a considerable extent, the problem of environmental protection can be solved only through the active cooperation of states on the global level. The republic supported the idea of a UN center of ecological emergency aid. Along with the Czechoslovak and other delegations, the Ukraine submitted a draft resolution on cooperation in the sphere of ecology and international ecological safety.

In the Third Committee, dealing with social-legal issues, the Ukrainian SSR proposed an international decade of struggle against the illegal drug traffic. This initiative evoked a positive response from the international community.

As I already said, the Ukraine takes an active part in the discussion of the struggle against apartheid and the comprehensive settlement of the Middle East crisis, particularly the question of Palestine. The Ukrainian SSR took part in drafting the General Assembly resolutions on these matters and was the co-author of many of them.

Our representatives are usually elected to various organs of the General Assembly. As the republic representative, I was elected chairman of the Special Political Committee. The range of its concerns includes peacekeeping operations, studies of the effects of atomic radiation, the activities of the news media, international cooperation in the use of outer space, and others. This is a great honor, and it was accorded primarily to the Ukrainian SSR. I am happy to say that almost all of the people who took part in discussions in this committee spoke of the republic's great contribution to UN activities.

This is also attested to by the fact that I was chosen to serve as vice-chairman of ECOSOC, one of the main UN organs, from 1988 to 1991.

[Gonchar] Understandably, your activity is not confined to the discussions in the main forum, the General Assembly, or to work in the numerous organs of the sessions and the secretariat. Apparently, equally important work is performed between sessions and behind the scenes at sessions. What is the purpose and result of this initially imperceptible activity in the headquarters of the international community?

[Udovenko] You know, UN headquarters is probably the only place in the world where virtually any two states can have diplomatic contact without any special preliminary agreement. It is interesting that an exchange of notes during the last session of the General Assembly in New York constituted an agreement on the establishment of diplomatic relations between the Soviet Union and the small Caribbean island state of Antigua and Barbuda.

[Gonchar] What do you think of the consensus principle in the activities of international organizations?

[Udovenko] Virtually all countries now rely more on this principle in making decisions than on a simple vote, in which states having no interest in the resolution of specific problems will always cast a dissenting vote. A consensus is a guarantee that the decision will be implemented. The percentage of resolutions approved in this manner should increase dramatically. A vivid example of this new approach is the approval of the resolution of Namibia.

[Gonchar] What kind of things does the Permanent Representation do outside the UN building in the United States?

[Udovenko] The Americans, including Americans of Ukrainian origin, are greatly interested in the perestroika in the Soviet Union and the related glasnost. I frequently address various American gatherings and make speeches in the Ukrainian Workers' Home of the Ukrainian-American League. It is always pleasant to attend league meetings with our performers before they go on tour to other cities. It has become a tradition to ask them to perform for large audiences in UN headquarters, where they always arouse considerable interest.

I even had the good fortune to be the main speaker at a national conference on contemporary international relations and diplomacy at Occidental College in Los Angeles. It was attended by more than 700 people. Here is another example of our social activity. The municipal authorities of the city of Freeport (New York) held a ceremony to announce "Ukrainian Day," which was attended by Ukrainian diplomats and a delegation from the Ukrainian Society for Friendship and Cultural Relations with Foreign Countries. We are always quite eager to meet Americans and accept their invitations. After all, this is a contribution to the noble cause of the further improvement of Soviet-American relations and the consolidation of mutual understanding and, consequently, the cause of security and peace on the planet.



### **Economic Aspects of "Common European Home" Discussed**

90UF0148A Moscow PRAVITELSTVENNYY  
VESTNIK in Russian No 18, Apr 90 pp 10-11

[Article by I. Ivanov, deputy chairman of the State Foreign Economic Commission of the USSR Council of Ministers: "Dialogue in Bonn: Economic Foundation of Common European Home"]

[Text] The changes which should turn Europe into the common home of all of the nationalities of the continent are knocking more and more insistently on Europe's door. One indication of this was the recent economic forum of 35 states in Bonn. The conference was called to clarify the recommendations of the Vienna CSCE meeting on trade-economic and scientific-technical cooperation. The results of the conference, however, transcended the boundaries of its original purpose. In essence, it became the first non-confrontational multilateral East-West dialogue and also the first real step in the joint establishment of the economic foundation for the common European home.

Three weeks of work produced a comprehensive document. It confirms the participating countries' intention to establish a new atmosphere of peace, stability, and prosperity in Europe. It is their belief that it must be based on a solid legal foundation, the acknowledgement and protection of all forms of property ownership, and the broadest possible cooperation, especially in the economic sphere.

Today there is a need to move from primarily trade relations to industrial and investment contacts in East-West relations, including foreign capital investments and production cooperatives. The countries decided to encourage this process with the appropriate economic, budget, financial, and legal policies and the necessary infrastructure. They made special mention of the need for the protection of industrial and intellectual property and the creation of favorable conditions for the operations of small and medium-sized enterprises. The choice of forms of industrial cooperation and capital investment will remain at the discretion of the partners. The development of this process will be promoted by inter-governmental agreements on the protection and encouragement of investment, the elimination of double taxation, the mutual acknowledgement of the results of certification, tax incentives, and mutual technical assistance and consultations.

Participants in the forum also agreed to improve the operating conditions of businessmen and their agencies in their own countries, including the regulations covering investment, contact with clients, customs formalities, etc. They agreed on the broad exchange of economic information and the standards governing its publication. The published data will include, among others, data on the balance of payments and gross national product of the CSCE countries. Cooperation by statistical agencies

in various spheres, including methodology, will provide additional momentum for this kind of exchange.

The normal interaction of various economic mechanisms will require the coordination of laws governing them: laws on taxes, competition, capital investment, bankruptcy, and commercial accounting systems. This will require experts. This is why the European Professional Education Fund has been asked to assist in the training of personnel. In this way, the outlines of a "single European rule-of-law space" are also growing more distinct.

In Bonn it became more obvious than ever before that many economic problems cannot and should not be solved separately for the East and West. Above all, these include problems connected with power engineering and raw material supplies. Participants in the meeting decided to cooperate in the development and dissemination of energy- and resource-saving technology and waste-free technology and the development of new sources of energy. In connection with this, it is likely that the operations of the International Energy Agency will also cease to be purely "Western."

Of course, ecological problems were also part of the discussion. The countries resolved to secure the ecological stability of economic development on the continent as a whole and to arrange for the joint monitoring of pollution levels, the prevention of accidents, the control of trans-border shipments of pollutants, and other measures for this purpose. They expressed their willingness to exchange ecological technology, information on pollution levels, and forecasts. They reached an understanding on the need for concerted effort in the sphere of social development as well: in public health, agribusiness, consumer goods production, and urban planning. They reached an agreement in principle on the use of the results of conversion for this purpose, on the production of clean food products, on the protection of the historical appearance of cities, and on many other undertakings.

The forum could not, of course, ignore the economic reforms in the countries of Eastern Europe or avoid the discussion of the role of the market. The results of the discussion were reflected in the monetary section of the final document. It mentions the positive effects of market factors on economic growth and recommends the maintenance of "undistorted prices," based on world prices, in national markets and the guaranteed convertibility of national currencies. In connection with this, an agreement was reached on cooperation by the European countries in such spheres as banking, the management of the money market, taxation, structural policy, and currency controls. The participants expressed the hope that a European Bank for Reconstruction and Development (EBRD) would be established as soon as possible.

The Soviet proposal regarding the reconsideration of CoCom [Coordinating Committee for Multilateral Export Control] policy aroused great interest. The European countries are beginning to realize that its lists

should have been shortened long ago. As for the suspicion that Western technology might be used for military purposes, it could be allayed by inspections on the buyer's territory.

These were the main economic issues discussed in Bonn. We can say with complete confidence that economic issues now occupy a place as important as military-political issues or human rights in the all-Europe process. This is connected largely with the acknowledgement of the obvious fact that Europe's "renaissance" in world affairs, which has been the subject of so much discussion in the West, will be possible only when the economic division of the continent has been surmounted. This is why economic forums of this kind are likely to become a regular occurrence in the future. There is much to discuss: the interaction of the three European integrating groups—the EC, EFTA, and CEMA; transportation; technology transfers; and many other major issues.

What was the atmosphere of the discussions at the conference? Some were highly emotional, but they were also businesslike and revealed a desire to reach a consensus. The participation of groups of businessmen, including Soviets, in the national delegations contributed to this approach. Incidentally, the Soviet businessmen benefited from their stay in Bonn: They made many contacts in the business community.

The views of the new leadership of the East European countries and the nature of their internal reforms aroused special interest. Some of them, however, such as Poland, Czechoslovakia, and Hungary, were sometimes simply knocking on the door of the Common Market. They were told by EC spokesmen that the level of contracted relations with them might rise. Membership in the EC, however, will require the kind of organizational and economic preparations these countries do not have. The "Lithuanian theme" also failed to be developed and had disappeared from the discussion by the end of the meeting. The participants naturally discussed the problem of reuniting the FRG and GDR at length.

The dialogue in Bonn is of economic as well as political importance to us. A decree of the USSR Council of Ministers on the implementation of these agreements is already being drafted. The information and the experience derived from the discussions will be used in drafting and improving our securities, customs, tax, anti-monopoly, currency, and banking legislation and optimizing the choice of patterns for the transition to a regulated market economy.

#### **Polish, Soviet Specialists Discuss German Unification**

90UF0174A Moscow LITERATURNAYA GAZETA  
in Russian No 20, May 16 90 p 14

[Round table discussion conducted by Oleg Prudkov, member of the editorial board of LITERATURNAYA GAZETA: "Germany in the European Interior"]

[Text]The editorial board of LITERATURNAYA GAZETA invited a group of Soviet and Polish specialists

to discuss problems linked to the prospect of unification of Germany. Polish participants in the round table were Jan Gadowski, Bogumil Rychlowski, Rudolf Hofman, and Jarema Czulinski. From the USSR Vyacheslav Dashichev, Boris Orlov, Leonid Pochivalov, Daniil Proektor, and Boris Filippov took part. The meeting was conducted by Oleg Prudkov, member of the LITERATURNAYA GAZETA editorial board.

[O. Prudkov] Our meeting today, it seems to me, should answer the question: do we need to fear a unified Germany? The unification process itself is objective and cannot be stopped. The Germans are a single nation. Mistaken views of the existence of a West German and an East German nation were once propagated. That was an artificial scheme and did not reflect reality. At the same time there must be a certain sober, balanced approach in the process of German unification. The German problem cannot be resolved in an atmosphere of euphoria and haste. On what foundations should Germany be united? Can we agree to its becoming a part of the Atlantic bloc? Or should some other alternative be found? In any case, some guarantees of the immutability of eastern borders are needed. Certain realities have also developed in Europe, and borders are one of them.

[B. Rychlowski] The power of a united Germany can upset the virtually completed process of economic unification of Western Europe. This will lead to a significant politicizing of NATO at the expense of its military importance, or it could bring down the whole organization. That is on the one hand. On the other hand, unification of Germany can give the process of all-Europe unification such momentum that it will engulf not only Western but also Eastern Europe, from the Atlantic to the Urals, from the Atlantic to the Pacific. Because nobody has such opportunities for a positive impact on the countries of East and Central Europe as a unified Germany. After all, along with the population and potential of the German Democratic Republic it will acquire already-developed ties with the East and a knowledge of its specific features and mentality.

Poland is interested in seeing the all-Europe processes in fact develop from the Atlantic to the Pacific. We certainly would not like to find ourselves on the periphery of a unified Europe instead of being at its center. But in fact, there are forces who want to limit Europe in the east to the Oder-Neisse line or, say, the Bug. And what will happen if, on top of this, perestroika in the Soviet Union is stopped?

[D. Proektor] Unification of Germany must become a part of the all-Europe process. And the all-Europe process itself will control any unforeseen turns in German development. In fact, the proposed membership of a united Germany in NATO and the EEC is precisely a means of control over Germany by the Western democracies.

I do not see any great harm in Germany remaining in NATO. There will not be a new "Drang nach Osten,"

although we will all feel the political pressure arising from the powerful NATO military organism with Germany integrated into it. A whole series of political steps will be needed to neutralize it.

The asymmetry in security—modernizing NATO and the Warsaw Pact Organization in crisis—is an objective reality today and tomorrow. This asymmetry should be compensated for by the military parity of the superpowers, the United States and the USSR. At the same time a new system of all-Europe security, without blocs and with a broad structure of guaranty treaties, will be born.

[J. Czulinski] Wouldn't a quick, favorable response by the Soviet Union to unification of Germany mean that it, having an opportunity to choose between Germany and balkanizing Eastern Europe, had chosen good relations with Germany, counting on its neutral status?

The situation that is arising in connection with the unification of Germany involves a whole set of unknowns. And in this connection Poland is choosing, and must choose, a policy of not one but many azimuths. And this does include close relations with the Soviet Union, of course on somewhat different principles, based on partnership.

[J. Gadomski] We Warsaw Pact countries, against our own will, conceal in ourselves a certain danger for the future unification of Europe.

We are burdened with the heritage of Stalinism and more profound historical problems. There are border disputes between Bulgaria and Romania, Romania and Hungary, and Hungary and Czechoslovakia. It is no secret that there are revisionists in Poland who dream of regaining Lvov and territories in the western part of the Soviet Union. Needless to say, there are people in East Germany who want to regain territory that is now part of western Poland. I do not think the members of this round table will be offended if I say that we have these problems. And with these problems we will not become Europeans.

German nationalism is the principal danger. But it is not possible to build a common European home looking only at German nationalism and not taking account of our own nationalism.

[V. Dashichev] With respect to relations between the great powers and the small and middle-sized countries of Europe. After the Munich agreement there appeared the formula—"About us, without us." I think that those times have passed. The small and middle-sized countries should take a very active part in shaping the new peaceful order in Europe and should have their own voice in deciding issues of European security, stability, and borders. Talks on the "two-plus-four" formula can be expanded to "two-plus-four-plus-two-or-three" other states. Czechoslovakia and Hungary also may be involved at some stage.

What should the military-political status of Germany be? I think that in examining this issue we must keep in mind the short and long terms.

It is obvious that in the short run it would be unreasonable and unrealistic to demand a neutral Germany. In fact only the Soviet Union has come forward with such a demand. And this goes against the opinions of Poland, Czechoslovakia, Hungary, and all the countries of NATO and the European community. Let us ask ourselves: what does a neutral Germany mean now, in the next 2-3 years? It would mean a demand to disband NATO, because NATO cannot exist without the German contribution. But will the Western powers do this? Of course not. So the demand for neutralization essentially means obstructing unification of Germany, creating an impasse.

It is being projected that if Germany is included in NATO this will destroy the balance of forces in Europe.

But the theory of balance of forces was in reality applicable in times of confrontation. We have now significantly revised our goals in foreign policy and the theory of balance of forces is losing its former significance and purpose. The main threat to European stability today arises from the internal state and political and economic development of the Eastern European countries and the Soviet Union. That is where the possible threat lies concealed.

[J. Gadomski] A common European home cannot be built without Germany. But it cannot be built without Poland either. Polish-German relations will to some degree determine the quality of this structure.

History illustrates that the fate of Poland has always been a function of Russo-German relations. While we want to keep close and warm relations with the USSR, certain problems can arise. And that is natural. The Soviet Union is a world power with the corresponding global views of things. Poland is a middle-sized European country located between two mighty states. That is why we want not only a settlement of the important common problems but also the quickest possible solution to problems that touch our own particular national interests. And while formerly we linked these interests only with the Soviet Union, we now want to conduct a more independent and active policy in relation to the United States and Western Europe.

[V. Orlov] How will a united Germany behave? What political forces will dominate there in the coming years?

We all share the historical experience of World Wars I and II. And we continue to look at today's events in the light of this experience. That is sound, on the one hand, for you can only form opinions about the future with due consideration of the past, but it is not very sound,



because today's West Germany does not fit the parameters of historical comparisons.

The point is that Germany, having gone through the temptation of imperial power, authoritarianism, and the most unbridled totalitarianism, is today a profoundly democratic country. Moreover, it belongs to the community of European democratic countries and is closely tied to them on the political and economic levels.

Naturally, the Soviet as well as the Polish peoples are worried about possible NATO membership for the German political and economic colossus. Therefore, the appropriate international legal guarantees are needed.

[D. Proektor] I believe that Germany will never be fascist and aggressive in the foreseeable future. Germany will remain democratic, one of the best European democracies. And I would like to hope that we and our Polish friends can enjoy good cooperation with this future Germany.

[B. Filippov] I am not so optimistic. This lovely prospect of unification of Germany and general peacemaking will be successful only in one case: if parallel with unification of Germany perestroika proceeds successfully in our country. Then, the ideal version will arise—a kind of unified community, from the Atlantic to the Pacific everyone will be equal.

But what will happen in the next 5-7 years, when the fate of our perestroika has not been decided and a unified Germany is working on its own problems? What will Poland and our other former allies be doing? It seems to me that during this period their politicians will be under powerful public pressure to find guarantors. To find guarantors for both alternatives: successful perestroika which assures balance in Europe, or where Germany proves stronger than everyone else. Historical experience pushes us this way. And I think that traditions will play a large part in this period. Suppose that former parts of the Austrian Empire are drawn to one another—Hungary and Czechoslovakia to Austria and Italy. But what about Poland? I am afraid that the frightening experience of the 1930's will force Polish society to seek a guarantor, as it sought one in France, America, and England, and as it had for 45 years in the USSR.

[B. Rychlowski] All the old structures are crumbling. Just take the Warsaw Pact. Suffice it to say that this organization, founded in response to the affiliation of West Germany with NATO, did not even meet when the issue of practical unification of Germany arose. So a search for guarantors, and that includes by Poland, is possible. The Soviet Union is one, but not the exclusive, guarantor of Poland's security. You have probably observed that, unlike the other post-socialist countries which immediately declared their desire to quit the Warsaw Pact and demanded the withdrawal of Soviet troops, the Polish Government, formed by new social forces, very clearly and precisely declares its desire to strengthen its alliance with the USSR, an alliance that rests on, if not identical, then very similar security interests.

But the most important guarantor of the security of Poland, the Soviet Union, and of all Europe is development of all-Europe integration. It is promoted above all by consolidation of Western European integration. Without that there can be no thought of development of the all-Europe process. And I am afraid of the hypothetical situation where the process of Western European integration might stop, turn back, and a competitive struggle would begin for spheres of influence in the East. This is where the possibility of a return to old games, to "balkanization" of Europe, lies.

[D. Proektor] I agree with the idea that one of our principal tasks is to consolidate Western European integration. But a second, equally important challenge is consolidation of perestroika in our country. If perestroika marks time it may lead, among other things, to militarization of unifying Western Europe and conversion of the Western European center, including Germany, into a Fortress Europe. And this fortress will be open to the West and to the South, but closed to the East. That means confrontation again, and military efforts at the expense of economic development.

[J. Gadomski] There is a Polish saying, "Until the suns comes up the dew hurts our eyes." We are not afraid of German unification, but we must somehow guarantee our own national interests. No neglect can be tolerated now. Otherwise after a while Poland will fade. I do not mean that German troops will enter Warsaw, but Poland can become a "hinterland," an appendage of Germany.

We oppose the neutrality of a unified Germany not because Chancellor Kohl has bought us. We simply think that a neutral Germany will present a much greater danger.

[B. Rychlowski] To the extent that treaties operate between Poland and the FRG and GDR and to the extent that the inviolability of borders is affirmed by the Final Act in Helsinki, from a legal standpoint the issue of borders is closed. The obligations which the FRG and GDR have assumed must be passed along to their successor regardless of whether the two German states unify or the GDR is swallowed up by Federal Germany.

But we know that treaties only operate as long as the force which led to their signing stands behind them. And since revisionist tendencies in relation to our borders are appearing in the FRG, we want the unified Germany, if unification occurs, to sign a treaty affirming the Oder-Neisse border between Germany and Poland. As a preliminary step we propose that even before unification the two German states initial an appropriate agreement. A legal document is needed. It is too serious an issue for us to be limited to political declarations.

[V. Dashichev] It is perfectly obvious that security in Europe will be constructed on an absolutely new basis with the unification of Germany: not one against the other as in the past, but with one another. But how effective is security "with one another"? Won't Europe be "balkanized"?



In this connection I would like to dwell on the very important issue of the three-way relations among the USSR, Poland, and Germany. I think that our policy has drawn correct lessons from the sad experience of the 1930's. The Poles need never again fear that the Soviet leadership will at some time risk carrying on negotiations with Germany over their heads that in any degree violate the interests of the Polish State.

We have already said that it is hardly necessary to fear a military threat from Germany. The Germans will be counting on their economic, technological, and intellectual potential. In the next 4-5 years the resources of the FRG and GDR will be directed internally, and this will lead to a certain decline in the role of the Eastern European countries in foreign trade and in Germany's foreign economic relations. But later an economic boom is expected in the GDR after reconstruction of its industry and intensive development of relations with the Eastern European countries will begin. Integration processes will bring Germany, and Poland, and the Soviet Union together. I do not think that Poland will be just a German "appendage" in this or a "threshold" to the Soviet Union.

[R. Hofman] Perhaps the question should be formulated differently: can a unified Germany be trusted? Many politicians and scientists see the future of Europe in a rosy light. But when people are alone and talk person to person you can hear completely different opinions.

Here is one concrete example. Two years ago, in January, Genscher came to Poland with an enormous delegation of industrialists, financial specialists, and political scientists. At the reception I conversed with a very well-known professor. Maybe it never occurred to him that I was a Pole because I speak German without an accent. This is what he said: we must do everything possible to see that the Russians withdraw from Europe as soon as possible. He even gave a date, before the year 2000. I asked him, why? Because Europe does not need two major powers.

Needless to say, there cannot even be talk of a rebirth of fascism, which would present a real danger, or talk about how the Bundeswehr might attack Poland, while the Soviet Union is with us. But there exists aggressive German nationalism, which from time to time intensifies. It is represented primarily by the societies of people "driven out" of their home regions. Of course, this is not the principal part of society. But then, before his arrival in Poland, Chancellor Kohl consulted with representatives of these societies on how to conduct himself in Poland, what to say to the Poles, what to sign and not sign. The 1970 treaty is viewed in Bonn as a treaty only for the FRG. The chancellor said that he will not go a millimeter further. This means that after the unification of Germany the border problem becomes open. Will the new Germany acknowledge the treaties concluded earlier by the two German states?

[J. Gadomski] Of course, we can and must trust them. But the political forms in such an important issue are unsuitable. If a politician says that he will do such-and-such, it means nothing. If the respected Chancellor Kohl announces that after unification the unified German Parliament or Government will sign something, these are only words, far from a legal document with mandatory force. If the chancellor honestly wants to sign later, then why doesn't he want to do it now, on behalf of the FRG? We would be much relieved.

[B. Rychlowski] How should the unification of Germany be formulated on the international legal level? The Soviet Union, it seems to me, considers it necessary to sign a peace treaty. But after all, a peace treaty regulates such questions as ending the state of war, territorial changes, and reparations. They are all to one degree or another settled. There is no content for a peace treaty, nor any subject. Neither the existing German states nor the future united Germany is a direct successor of the Third Reich. So there is no one to sign a peace treaty with.

The best solution would be a package of various agreements bound into a single document as the result of talks among the two German states, the four great powers, and other interested states. Of course, Polish participation is mandatory; that is our right, affirmed as long ago as Potsdam.

[O. Prudkov] I think that everyone agrees that the German question must be resolved in the context of Europe. And the guarantee that Germany will not threaten its neighbors rests on the idea of Europe as a single community, on the idea of a common home, which cannot be built without active participation by Poland.

#### **East German Peasants Suffer Under Border Opening, Unification**

90UF0195A Moscow SELSKAYA ZHIZN in Russian  
23 May 90 p 3

[Article by SELSKAYA ZHIZN Correspondent S. Pomerantsev, Berlin: "Earth and the Peasants: At the Crossroads"]

[Text] Right now the situation in GDR agriculture is perhaps as depressing as it has ever been in this country's entire 40 year history. Peasants have found themselves in a disastrous situation. They organize protest demonstrations during the days when the People's Chamber (parliament) is in session, block roads with tractors, and blockade border crossings with the FRG.

Neither climactic cataclysms nor cattle hoof-and-mouth disease or any other misfortune is the cause of the tense situation. On the contrary, the results in agriculture are good according to traditional criteria. In recent months, cattle production has been higher in comparison with last year and prospects for the harvest are raising hopes.

There is still time until the harvest of field crops and cooperatives experienced the first misfortunes with sales of livestock products and also early vegetables and flowers. Since the beginning of the year, alarming conversations have been conducted about the "rivers of milk" and the "mountains of meat and eggs" that the State is refusing to purchase from the peasants. They are being forced to feed milk and vegetables to cattle. Unsold domestic animals, first of all pigs, are filling farms to overflowing.

From where did these difficulties in the country's agriculture appear which were previously unknown to it?

Soon after the opening of the borders between the GDR and FRG, they had to bid farewell to that which they themselves previously understood—the protected domestic food market. Western goods (not nearly always of better quality than local ones, more expensive, but always beautifully presented in appropriately bright packaging) are practically uncontrolled and great numbers of them poured into stores in the GDR and their own and visiting small traders began to sell them directly on the streets.

The West, suffering from overproduction, aimed at the GDR's agrarian market, seeking out weak spots and preparing for a great leap after introduction of one hard currency into both Germanies. GDR trade leaders, according to the expression of Peasant Union President Karl Demrich, conducted themselves as if the matter for which they are responsible was their private property and not State property. It is noteworthy that there also was no talk about East German agricultural products gaining access into West Germany....

Of course, it would be incorrect to excuse the disorders that have arisen just by the "West's offensive." How else can we explain the paradox: Are they refusing to buy products from the cooperatives at the same time that these products are not in stores in abundance?

The old disease—inadequate agricultural product processing and storage capacity—evilily manifested itself at a critical moment. How did they get out of the situation previously? We all know how—by hiring people to work overtime for additional money. They did not consider what processing products "to feed the people" would cost.

Now they are considering it. They are also considering losses in agriculture itself which the "kind" State previously covered. Hence, for example, this plan that is unacceptable according to the old concept: Remove about a tenth of the cultivated land, hayfields, and pastures from agricultural circulation—low quality land on which production produced losses. But it is not simple to depart from this provision under which all of these 40 years only one thing was demanded from the cooperatives—to produce as much output as possible. Today the consequences of this policy constrain the opportunity to maneuver that is dictated by the rules of the market economy. And this is not the peasant's fault,

really agriculture—is not a toy factory where you can produce more plush bears today and fewer tomorrow, or completely switch over to rabbits.

In brief, these are the sources of the currently developed adversities. Could we have prevented or maybe weakened them? The fact is that the actions of organizations who were competing for the "expression and defense of the peasants' interests" turned out to be ineffective in the critical situation. And other social and political forces simply ignored these problems.

Is it not sad that the Western competitors offensive that has inflicted such losses on GDR agriculture was set in motion during that short period when the leader of the Democratic Peasant Party was at the post of chairman of the People's Chamber? It is now the Peasant Union and Agricultural Workers Trade Union that is leading people to demonstrations in despair. And really they quite recently praised: While others demonstrate and go to the West, the peasants honestly labor.

By the way, many rationally thinking people in cooperatives understand that protests alone will not correct matters today. "It is clear," stresses BAUERN ECHO Newspaper, "that the peasants will not receive anything that is not won in a fierce struggle and not reinforced by deliveries of high quality goods, in better packaging, and at low prices."

But the fact that economic leaders are faced with the most enterprising [task] while thinking about their actions on many courses ahead is very bitter right now. A cooperative chairman I know told me that the thing that is most depressing is the ambiguity with regard to property on land. It is hard to structure work in a new way where there is a threat that at any moment the landowners can assert their rights to it. The irregularity of this issue is another uncertainty for cooperatives.

And one more thing: The chairman cannot forgive the former government of H. Modrow that debts charged to cooperatives were not written off. Debts which in significant part arose due to the fact that the authorities in previous times appropriated for themselves the right to dictate their will to farms, while at times passing "management" off as unskilled interference in their affairs. Is it just that these debts nevertheless follow cooperatives and impede their already difficult transition to market economy conditions? However, even Lothar de Mezer: current government is not rushing to resolve this problem.

Peasants in the GDR are not against a market economy and honest competition. At the very least, we can judge this by the results of their congress that occurred before the People's Chamber elections in March 1990 and also by the election results themselves. But at the same time, on one hand, they want to maintain their cooperatives—only not many agree to conduct farming individually. On the other hand, people clearly did not consider that competition would so quickly arrive in such a fierce form that GDR peasants find themselves face to face with

their problems. In a joint statement, the Peasant Union and the GDR Union of Agricultural Cooperatives once again recently demanded that the de Mezer government provide conditions for a gradual entry into the European Common Market economy over the course of several years.

The Government of the GDR is developing measures called on to ease agriculture's difficulties during the transition period. An agreement has been reached on sale of a portion of the excess meat to the Soviet Union. At a recent minister of food supply, agriculture, and forestry press conference, Peter Pollak talked about plans to introduce a stricter license issuing procedure for importing agricultural products into the country, its quotas (establishment of limit standards), and promised financial aid to insolvent cooperatives after introduction of European Community agricultural prices into the GDR on July 1st. The ministry intends to concern itself with the fact that during the second half of the year

products will be bought at guaranteed prices from farms at scales that correspond to this year's orientation.

Furthermore, the minister's statements hardly caused optimism among agricultural workers. According to his assessment, only 80 percent of cooperatives can more or less painlessly adapt to the new conditions. What will happen to the remaining 20 percent, that is, to 800 farms? What awaits the kind half that is occupied in the agrarian sector today—400,000 people who, according to the minister's figures, will have to find new work for themselves?

There is a German saying: "When the peasants have money, everyone has money." Dictionaries clarify that this native wisdom has a quite broad sense: The entire country's well-being depends on well-being in agriculture. GDR farmers' alarms and protests are evidence that there is still a long way to go to well-being in this sector.

**Reappraisal of Economic Ties With CEMA Countries Required***18120051A Moscow NEW TIMES in English No 20, 15-21 May 90 pp 14-15*

[Article by Svyatoslav Bulakh: "What goods? At what price? And why do we sell?"]

[Text] Soviet economic relations with Hungary (as indeed with some other CMEA member states) have notably strained over the last year and a half, the exacerbation caused (judging from outward signs) by the Soviet Union being heavily in the red in trade and tourist exchange. In June 1989 Hungary halted all currency exchanges for tourists from the Soviet Union. Trade turnover between the two countries fell almost 5 per cent last year.

The problem, however, is not confined to these setbacks. It stems from the overall deepening crisis of all structures of the former socialist community. Previously the relationship between CMEA states and the Soviet Union has been one of heavy dependence of the former on the latter, which gave the Soviet Union considerable leverage over the situation both inside CMEA and the Warsaw Pact and enabled it to effect the policy of "carrot and stick." Economic assistance rendered by the Soviet Union to each country was proportionate to the given country's zeal in fostering "real socialism" and increased whenever control over the country's policy by direct (including military) pressure grew difficult. The system thus created was absurd, yet purported to protect the interests of the peoples. The glittering facade of the "friendly regimes" meanwhile often concealed serious economic failures, generously compensated for by Soviet aid. Failures multiplied as the economies of these countries were inefficient, and despite growing economic injections from the Soviet Union even the most developed Czechoslovakia and East Germany soon started to rapidly lag behind the West in technology.

The implementation of Soviet messianic ideas, inordinate military expenditures and wasteful economic aid have exhausted this country. The Soviet economy, technological potential, its science and culture which had for years been the driving force of the socialist bloc with time lost their attraction and the USSR was increasingly seen merely as a military power and a source of cheap raw materials. We have turned into a sort of colonized metropolitan country, still able to define (as a metropolitan country) the bloc's home and foreign policies but forced (as a colony) to sell its raw materials and power at ridiculously low prices, at the same time unable to avoid being a market for any industrial produce regardless of its quality.

The recent revolutions in Central and East European countries necessitate the reassessment of these practices. The Soviet Union is now to revise its policy, to define its interests in countries formerly referred to as socialist

and—what's more important—calculate the potential costs of "holding our own" and whether or not the game is worth the candle.

Just how much we paid for our ideological priorities in the past is well illustrated by Hungary, which imported Soviet raw materials and power at lower-than-world prices and exported for the most part (at prices higher than world) outdated goods. Clear profit resulting from the difference in prices of imported Soviet goods and their value on the world market ran into 90 billion forints (about 4.5 billion rubles at the tourist exchange rate). A third of that amount was used to subsidise Hungarian agricultural exports to the Soviet Union. The remaining 60 billion went straight to the country's national budget, making up from 5 to 7 per cent of its national income. To better understand the figure, consider for example that in 1989 this money accounted for 64 per cent of spending on education, or 77 per cent of the cost of health and social development programme, or exceeded the country's military expenditure 1.7 times.

To quote some Hungarian and foreign economists, the transition to settlements in convertible currency and at world prices in Soviet-Hungarian trade would cost Hungary \$1.5 billion a year. This means that annual Soviet subsidies to Hungary (export of raw materials and power at reduced prices) now stand at \$140 per every Hungarian.

Inflated prices for machines and equipment established in CMEA were yet another source of superprofits for Hungary. Sold at 1.5-2 times its normal price, equipment accounted for a half of Hungarian exports to the Soviet Union (and a mere 16 per cent of Soviet exports to Hungary), bringing huge revenues to the country's machine-building factories.

So what did the Soviet Union get in return for its lordly generosity in sharing with Hungary its national wealth? The answer is: less than nothing! We are in the red! Soviet influence in military and political spheres is waning rapidly. Meanwhile Hungarian economy is being overhauled with a view to exporting primarily to the West. Moreover in Hungary itself Soviet economic policies are increasingly coming under criticism. Hardly had the share of Soviet exports to Hungary shown a temporary upward trend which slowed the traditional inflow of money to the Hungarian treasury than Hungarian Trade Ministry officials accused the Soviet Union of taking part of Hungary's national income out of the country. Nothing unexpected though, as the accusations were a logical consequence of our own economic policies that could hardly inspire respect let alone bolster the Soviet Union's prestige in Eastern Europe or the world. What does a customer think having bought a product at a price far below its genuine value? At best he would not think much of the seller's business acumen. Nor would he ever feel grateful—a deal is a deal whatever the terms.

The inevitable question thus is: does it make sense to wage a losing battle at our own expense? Does the Soviet



Government have a moral right to pursue such a policy? My answer is, no. It's high time we realized that our former and current friends and allies have long been guided in their relations with the Soviet Union solely by their national interests. It wouldn't be amiss we, too, see to our own interests, ridding them of ideological dogmas and a false understanding of internationalism, which never meant helping all and sundry at the expense of your own people. The only rational solution for us is a transition—as quick as possible—to the long-established principles, the principles of market economy. That and only that can salvage the situation in the country. Yet carrying out this transition, retooling the country's plants, and tackling the most pressing social problems calls for large expenses, and therefore—for austerity and a consistent gradual transfer from the absurd principles of trade with CMEA member states used in the past to sensible cool-headed trade at world prices and in convertible currency.

Soviet scientists raised this idea before the former country's leadership back in the early 1980s, but it was rejected on the grounds that "our friends would never be able to make it." Naturally, the question of how long our own economy would sustain this policy simply never occurred to anyone, because the logic—deep-rooted and unshakeable—dictated that "we are a big country, so we are responsible for everything. We have been through a lot—so we will pull through." The idea was mentioned yet again by some radically-minded Hungarian economists in 1987, but even preliminary evaluation of potential costs for Hungary of a transfer to normal trade relations with the Soviet Union had the effect of a cold shower on the Hungarian side. Soon it demanded that the Soviet Union fully or at least in part compensate Hungary its losses in the course of this transition (yet again, Soviet losses resulting from procrastination in getting round to the transfer were never mentioned). Hungary urged the Soviet Union, among other things, to pay it back 50 per cent of the gains the USSR would get in the new situation (the difference resulting from the transfer from reduced to world prices), and channel some of the remainder to retool Hungarian enterprises producing goods exported to the Soviet Union, to create new enterprises and buy their shares, ensure preferential prices for Hungarian agricultural exports. The Soviet Union was also to enter a binding commitment to buy from and sell to Hungary certain goods. Most amazingly of all, the Soviet side is taking many of these demands seriously (obviously another manifestation of our absurd sense of responsibility for each and everyone). Big concessions have already been made: Soviet debt to Hungary in transferable rubles (brought about by the same

lame policy of keeping prices of Soviet goods artificially low) has been recalculated. The new exchange rate—\$0.92 for a ruble is much higher (almost by \$0.5) than the officially established rate of the Hungarian National Bank. A multimillion Soviet debt to Hungary in hard currency thus materialized at the wave of the hand. More than that, the new Protocol on Trade Turnover and Payments in 1990 leaves prices and settlements exactly where they were.

This is not to say of course that nothing is being done to rectify the situation. Bilateral talks in March of this year have brought about an agreement in principle on the transfer to a new system of economic cooperation, envisaging payments in hard currency and at world prices. Yet the mechanism of the transfer remains unclear, and progress in talks over ways to do it either with Hungary or any other CMEA member is painstakingly slow. The signing of trade agreements for next year is slowed too, and the danger looms large that the Soviet national interests will again be laid victim to bureaucratic incompetence and some abstract "supreme interests." The new policy alas, is being formulated by the same people who formulated and complemented the absurd structures of the past.

Only immediate and urgent measures supervised by the country's parliament can help implement a radical reform of our economic and political relations with CMEA member states. Otherwise, cutting off the channels used to siphon away our national wealth may take years, causing tremendous damage to our country.

Not economic "free gifts," but rational trading relations can help preserve the remaining Soviet political and economic influence in the region and, more specifically, in Hungary. The introduction of the new system will make the Soviet market a centrepiece of attention for Eastern Europe, slowing down the disintegration processes now very much in evidence in Eastern Europe, easing tension in our trade relations with CMEA countries, and helping to bring the East and West European markets closer together. It could also cut the inflow of shabby equipment to the Soviet Union from abroad.

We have no alternative. We have to get rid of the left-overs from the Stalinist era that affected our economic and political relations with CMEA, and remove one of the major barriers on the road to a market economy inside the USSR. We have renounced the political domination of a metropolitan country. High time we gave up the humiliating position of economic colony, and a cheap source of raw materials to all our close and remote neighbours.

### Cooperation Stressed as Way To Resolve Third World Conflicts

901F0180A Moscow ZA RUBEZHOM in Russian  
No 20, 11-17 May 90 p 1

[Article by Dmitriy Volskiy under the rubric "Ideas and Opinions": "A Foreign Echo of Perestroika"]

[Text] Among the public of developing countries the opinion has become widespread that the expansion of economic ties between the United States, Western Europe, and Japan, on the one hand, and the USSR and Eastern European states, on the other, is occurring at the expense of the needs of the "third world." The journal JEUNE AFRIQUE, for example, warns: "The political situation taking shape in Europe forces the West to turn away from the 'third world' even more by reducing economic aid to it. The possibility of an immediate diversion of capital investments to Eastern Europe from a region such as Southeast Asia was discussed with alarm at the recent meeting of representatives of ASEAN [Association of Southeast Asian Nations] countries."

But most often people discuss not the economic but the political "losses" of Moscow's new course. That is easy to detect in the Cuban press and in certain Arab publications. "In conditions of the new political thinking and deideologization of interstate relations which has become the basis of Soviet foreign policy," writes the Algerian weekly AL-MUJAHID, "African countries, like other 'third world' states, can no longer count on aid from the Soviet Union and other countries of Eastern Europe who used to consider them allies in the struggle against imperialism and colonialism." The mass information media of the West express similar ideas. Thus the Parisian LE MONDE recently asserted that "perestroika has done the Arabs, victims of detente and events in Europe, out of their fair share, while there is not the slightest ray of hope for a resolution of the Palestinian question."

The following question is, however, relevant: were "rays of hope" really observed for resolving the Palestinian problem or any other similar problem during the period of confrontation? I do not seem to recall that. But something else is memorable. In the Near East one war after another has taken place and Israeli repressions and Muslim terrorism have created an increasingly hopeless impasse. It has gone on for decades. In these conditions it is difficult even now to hope that a "light at the end of the tunnel" will soon appear. But even so something is glimmering at the end of it. The Palestinian Intifadah showed that there is no other way apart from political settlement. And it is no accident that the previous Israeli cabinet's refusal to follow this path led to its downfall. That never happened before.

The most inveterate, the most "intractable" of regional conflicts existing in the world are in the Middle East. But even there changes are taking shape because of the general change for the better in the international situation.

And if one is speaking of other conflicts in the "third world," as everyone knows, efforts to settle many of them have already borne fruit. And here is what experience showed. In those cases these efforts are effective when interaction between the great powers, above all the USSR and the United States, is achieved and the United Nations is extensively involved. These two factors were certainly not the least important reasons for the end of the Iran-Iraq war and the settlement in Southwest Africa where Namibia got long-awaited independence. Could this really happen in an atmosphere of global tension?

It is true that settlement of sharp conflicts such as the Afghan and Cambodian conflicts has encountered serious difficulties. But even there we see the same pattern: it was precisely because of the interaction of the USSR and the United States and the participation of the United Nations that the Geneva agreements on Afghanistan were concluded, while in Cambodia hopes are now being laid above all on the United Nations' role.

The deliverance of the "third world" countries from the centers of tension which are destructive to them is not a hypothetical but a practical benefit for these countries. And not the only one. Facts confirm that the first steps on the path to disarmament also give them the most direct benefit.

Here is an example. The vast regions of North Africa and the Middle East along with the USSR were until recently in the sights of American medium-range and short-range missiles located in Western Europe. Now the dangerous "umbrella" has been closed with fulfillment of the treaty between the USSR and the United States on eliminating these missiles. But extending this treaty to the Asian-Pacific Ocean region in the most direct way strengthens the security of yet another group of "third world" countries—the states of East Asia.

Let us not forget about the unilateral Soviet steps to cut back armed forces and weapons in Asia. That is what none other than U.S. Admiral Ch. Larson, the commander of the U.S. Pacific fleet, acknowledged in mid-March. "Unilateral reduction of the USSR armed forces," he said, "helps strengthen stability and security in Asia and reduce the probability of war in the region." If the United States was also to take countersteps in that direction, an altogether new situation would be created in Asia as in Africa and Latin America, one that the peoples of these continents have never known, at least since precolonial times. We are speaking of insuring their freedom to choose paths of development and models of state systems.

The fact that it was precisely in recent years or even months that the dictatorial regimes in the Philippines and in Haiti, in South Korea and in Pakistan, in Chile and in Paraguay fell one after another can hardly be considered a simple coincidence. Of course, democratization everywhere is a difficult process and it goes on in zigzags, stopping and starting. Even achieving real freedom of choice is not so easy. In Panama we saw a

dangerous relapse of interventionist policy. But on the whole the peoples of the "third world" are gradually taking the destinies of their countries in their own hands. And isn't it characteristic that reforms are now being carried out in many of them, reforms which remind one, with an adjustment, of course, for local conditions, of perestroika in the USSR?

As it seems, in such conditions nothing but harm could come of an attempt to place the diverse relations of the USSR with the developing states within the framework of the old thesis of "allies in the struggle" to which the Algerian weekly mentioned referred. On the one hand, that would limit the circle of our partners in the "third world." On the other, it would prevent them from becoming equal participants in international affairs. And here is one other thing to mention: the situation taking shape in the world allows developing countries to cut expenditures for defense, which are very burdensome for them. Precise calculations can hardly be made, but I think that sums at the very least equivalent to the amount of Western loans which would be postponed because of credits offered to the countries of Eastern Europe would be saved.

Incidentally, such deferments are for now of a purely hypothetical nature. But the prospects of perestroika of

the entire system of international economic cooperation to fairer principles beneficial to the "third world" stand out ever more clearly. Thus, the prime minister of Malaysia Mahathir Mohamad spoke in late March of the "historical possibility of shaping the future, bringing together the business potential in a three-sided system of relations—Western Europe-Eastern Europe-Southeast Asia."

Who knows whether this type of project will become one of the concrete embodiments of the concepts of an interrelated and interdependent world? Of course, unique modifications of multisided interaction may arise in other regions—let us say in Africa and in the Near East. That is like the design of a new home where developing countries could occupy not the attic or the basement, but rooms completely worthy of human existence. But in order for hopes for that to become reality, one must look not to the past but to the future and not pine nostalgically for the ephemeral advantages of the "opposition of the superpowers," but try to obtain maximum benefit from expanded international cooperation. Above all relying, needless to say, on the constructive potential of their own peoples, which many developing countries are already doing. And, as every one knows, not without success.



**Reassessment Of Grain Import Policy Urged***90UF0169A Moscow SELSKAYA ZHIZN in Russian  
15 May 90 p 3*

[Article by A. Lapshin, former USSR Deputy Trade Representative in the United States: "Reader's Viewpoint: Are Such Imports Beneficial?"]

[Text] The problems of organizing food imports, whose discussion, unfortunately, is proceeding not in the USSR Supreme Soviet but in the press, are of great political and socioeconomic importance, especially given our growing economic difficulties. In this connection, it is appropriate to explain the decision-making mechanism with respect to plans for purchases of grain imports and to ascertain if the system by which our grain import needs are determined is indeed well organized from the standpoint of all the country's interests or if it requires fundamental reevaluation.

Let us consider how all this is organized in practice. In April of each year, the corresponding services (in the past the Ministry of Agriculture, and today a directorate of the USSR Council of Ministers' Food and Purchases Commission) compiles an assessment of soil moisture content in grain-producing areas and, on the basis of that assessment, makes a preliminary determination of the future harvest. In June, a more precise assessment is made. Naturally, this is an important undertaking, and nobody wants to take any risks: Better to understate the country's projected grain harvest, in order to avoid problems in the long run. In December, a final assessment of grain resources is usually made, but not by the Ministry of Agriculture-State Agroindustrial Committee, but by the Ministry of Grain Products (which is now a directorate of the USSR Council of Ministers Commission); at the same time, the difference is ascertained between the actual harvest and the country's grain requirements, in order to meet all needs for this product.

In the process, the departmental interests of the Ministry of Procurements—Ministry of Grain Products have "required" that the needs assessment be overstated with an adjustment for "slipshod work," leading in turn to the overstating of import needs as the difference between the understated harvest and the overstated requirements.

All this is reflected in a corresponding memorandum to the CPSU Central Committee and in the USSR Council of Ministers' draft resolution, after whose adoption arrangements are made for the appropriation of the needed foreign currency.

This procedure has shifted the departments' "responsibility" to the CPSU Central Committee and USSR Council of Ministers, despite the fact that, objectively speaking, "this procedure" has never reflected actual grain needs, since it is based on a "fork"—an understated harvest forecast, on the one hand, and overstated grain requirements, on the other. This arrangement was convenient to the departments.

Today, since the creation of the USSR Council of Ministers' Food and Purchases Commission, the old departmental approach of many years' standing may perhaps change, and the country's grain needs may be determined without the "fork" but in a more responsible manner. Otherwise, we will never overcome the dependence mentality that spawns the desire to purchase enormous quantities of grain abroad, turning our country into the largest importer in the world, though potentially the reverse should be true.

Life obliges us to affirm the advantages of our system in this top-priority area of perestroika by making drastic changes in the structure of grain production and grain processing in the shortest possible time—two to three years. The time has come to act. The task of altering the structure of grain crop plantings and ensuring the introduction of new methods for processing these crops is fully realistic in such a time frame, and this should be reflected in the "Grain" program that the USSR Council of Ministers was directed to draw up at a session of the CPSU Central Committee Politburo on November 3 of last year. The question of grain imports in that program should be dealt with in a separate section.

Scientific substantiation of the effectiveness of grain imports is a special issue. The effectiveness of grain imports by the Soviet Union (not by Eksportkhleb) can be compared only with the costs of Soviet producers, not with our domestic purchase prices. For the Soviet Union, the import price includes: all the foreign producer's production costs, which are higher than ours, plus his profit, the high interest rate on loans, the commissions of the export middleman, and also the delivery costs. All these components of the import price are paid in freely convertible currency by Eksportkhleb, enriching the entire chain of the agrobusiness in other countries.

It is another matter when grain is purchased from our kolkhozes and sovkhozes. A sizable part, often more than half, of the purchase price stays behind for the development needs of our agricultural enterprises, including for efforts to enhance soil fertility. For this reason, comparing import prices with our purchase prices is inadmissible and amounts to a poorly concealed overstating of the "effectiveness" of grain imports on the part of the Ministry of Foreign Economic Relations.

According to the data of the Eksportkhleb VVO, wheat prices in the United States in 1989 were \$175 to \$180. However, this does not mean that outlays stop here. The delivery of each ton from ports in the Gulf of Mexico to Odessa costs another \$25 to \$30 at minimum. The arriving grain is not always unloaded on schedule, ships stand idle for long periods of time waiting to be unloaded onto railroad cars, and fines are paid with foreign currency. All this increases the cost of each ton to practically \$200. And what about the cost of burdening the railroads with shipping tens of millions of tons of imported grain instead of other economic cargo?

Do we need such grain imports when average production costs for wheat on many farms in the Ukraine, the Kuban, and other regions stand at 60 to 70 Soviet rubles per ton of wheat of roughly equal quality?

For the Ministry of Foreign Economic Relations, the aspiration to make purchases in strict accordance with state plans and assignments confirmed by government agencies entails not just more favorable bookkeeping. Some people have received the motherland's top decorations for this, receiving the title of Hero of Socialist Labor, not to mention other orders. How will the imported grain be used, and do the purchases help solve the problem of eliminating the protein deficit in the production of livestock output? These questions do not concern the Eksportkhleb VVO. And indeed, this is not the Eksportkhleb VVO's problem; still, that foreign economic department should not simply walk away from this problem and stubbornly cling to the old approaches. Meanwhile, the problem is a rather acute one. The reason for this is the notorious gross output index.

Our farms are given their plans in tons, regardless of the protein value of various crops. Under this system, growing soybeans and other crops that are rich in protein becomes simply unprofitable. Judge for yourselves: The protein content of one ton of soybeans is much higher than that of three tons of wheat. However, if a kolkhoz or sovkhoz undertakes to grow soybeans, it's easy to imagine what is going to happen to the director who has dared to let the plan assignment for gross output go unmet. And this despite the fact that conditions for growing crops with high protein content are very favorable in a number of regions of our country. Imports fail to ease the situation for the same reason.

Meanwhile, the allocated foreign currency could be used more effectively if the emphasis were to be shifted from fodder wheat to soybeans. But this would require that the USSR Council of Ministers Commission take more vigorous measures to ensure soybean processing. Despite the fact that a ton of soybeans costs \$290, wheat \$180, and corn \$120, the gain in protein amounts to 200 percent to 300 percent. In addition, transport outlays are reduced. And here, those who call attention to the need to alter the structure of purchases are undoubtedly correct.

Another aspect of the question involves the long-term grain agreements we conclude. Suffice it to say that it's no accident that the initiative for concluding them has always been pushed by the American side. As far as my experience with executives of major grain trading companies allows me to judge, in the United States, all the leading suppliers constantly show heightened interest in this question. This is natural on their part—for the question is one of a guaranteed sales market, the largest in the world, moreover. But the appropriate agencies of the ruling administration have always shown even greater interest. In particular, consider the long-term Soviet-American grain agreement concluded in 1983 (it

was concluded for a five-year period and was subsequently extended to 1990). The fact that it was concluded largely predetermined Reagan's re-election as President, despite the hard-line policy he pursued with respect to the USSR at the time. And yet by bargaining in that situation, it was possible to bring about an easing of that policy. Moreover, a refusal to extend the agreement would not have caused any new complication in Soviet-American relations; it would simply have forced our partners to win contracts with Soviet foreign-trade organizations.

The question of the economic as well as political expediency of continuing to conclude long-term grain agreements gives rise to serious doubts given the continuing arrogant refusal to grant us most-favored-nation status. It's no secret that food deliveries to the USSR have no small political importance for the United States. This is reflected by the fact that American delegations holding consultations with the Soviet side (I am referring to talks per se, not the concluding of contracts!) include representatives of a number of departments: the White House staff, the State Department, the Department of Agriculture, and the Department of Commerce. On our side, by contrast, they are "answered" only by representatives of the Ministry of Foreign Economic Relations. Officials of other departments have not been allowed to attend the talks under the pretext of preserving commercial secrecy. Yet questions involving grain imports affect the interests of the USSR Ministry of Foreign Affairs, the Council of Ministers State Foreign Economic Commission, the Food and Purchases Commission, the Ministry of Health, and other organizations—and most importantly, the interests of our peasantry. Therefore, in the event of negotiations on concluding new long-term grain agreements, it is essential to enlist the chairman of the USSR Supreme Soviet Agrarian Committee, and to allocate freely convertible currency for grain imports only with the consent of the Planning and Budget Commission.

As for the problem of the quality of imported grain, here there are no "blank spots." All the firms ship grain whose quality (including the degree of contamination and weediness) is determined by price, not by our purely formal contract requirements.

The firms are prepared to meet all our requirements, but this would lead to a price increase of \$20 to \$25 per ton, which is not to the Eksportkhleb VVO's liking. Therefore, they sell us grain that is both weedy and contaminated, something that is not at odds with the corresponding countries' standards and prices. In our country, quality issues are handled largely through administrative measures; in those countries, this is done by economic measures.

The answers to the many questions touched upon in the discussion of food imports could be provided by information at the disposal of our foreign trade department. However, both before, when the Ministry of Foreign Trade was in existence, and now, since the establishment of the Ministry of Foreign Economic Relations, access to

data on this question is restricted by the ministers' personal order, even though data on our grain imports are published openly in the United States each month.

### **Goskomsen Letter on Retail Prices for Imports**

90UF0150A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 18, Apr 90 Supplement p 1

[Text of USSR Goskomsen letter of 25 Jan 90 under the rubric "Official Materials": "On the Manner of Setting Retail Prices for Imported Goods"]

[Text] In connection with the increase in the rights and independence of state enterprises, associations, and organizations in carrying on export-import and commodity exchange operations, it was prescribed by CPSU Central Committee and USSR Council of Ministers Decree No 231 of 15 March 1989 that imported consumer goods, purchased wholesale with currency resources available to the former, are to be sold to the workers of the involved enterprises, associations, and organizations at state retail prices. Imported consumer goods, purchased wholesale by state trade organizations/enterprises and consumer cooperatives by means of commodity exchange operations and border trade, are to be sold to the population in the same manner.

In case of the absence of established retail prices on goods purchased wholesale by state enterprises, associations, and organizations with the aforesaid resources, the right of setting the retail prices is accorded to the State Committee on Prices [Goskomsen]/State Planning Committee [Gosplan] Price Administrations of union republics not having oblast divisions, to ASSR Councils of Ministers, and to the executive committees [ispolkomy] of kray, oblast, and city (city of republic subordination) soviets of people's deputies.

The right of setting retail prices on new types of imported goods, purchased wholesale by trading organizations through commodity exchange operations or border trade, is accorded to the local organs for state trade and consumer cooperation management, as well as to the individual executive committees of soviets of people's deputies. In this regard, it is prescribed that retail prices on new imported goods are to be set in keeping with the effective retail prices provided for similar imported or domestic goods in the appropriate price lists, taking quality, newness, embellishment, originality of execution, and consumer packaging format into account, as well as population demand.

However, as inspection materials and workers' letters attest, incidents are becoming widespread of late, in which certain executive committees of soviets of people's deputies and trading organizations, in violation of the prescribed procedure, set retail prices on imported goods without considering the level of effective state retail prices on similar products and the quality of the goods. Moreover, cases of intentional excessive lowering of retail prices are occurring, especially on imported

durable goods (passenger automobiles, radio and photographic equipment, electrical appliances, etc.).

In the independent conduct of export-import operations, enterprises, associations, and organizations often do not do the proper commercial work and market-situation analysis, and pay foreign firms excessively high contract prices, which, as a rule, are one and one-half to two times higher than the contract prices on the same or similar imported goods being purchased wholesale by foreign trade economic organizations in a centralized manner. This creates unwarranted competition, and hurts state interests.

For the purpose of ensuring uniform principles in the setting of retail prices for the most important imported consumer goods, purchased wholesale with the currency resources of state enterprises, associations, and organizations, as well as by means of border/coastal trade and commodity exchange operations (barter agreements) on a quid pro quo basis, the USSR Goskomsen [State Committee on Prices], in coordination with the USSR Ministry of Trade [Mintorg] and the Central Union of Consumer Cooperatives [Tsentsosoyuz], prescribes that, as of 1 Jan 1990, projected retail prices for new imported goods included in the appended list are to be submitted by state enterprises, associations, and organizations, with the necessary justification, to the USSR Goskomsen for approval, regardless of the kinds of resources and means by which the goods are purchased.

The Central Union of Consumer Cooperatives and its organizations are to submit projected retail prices for the same types of new imported goods, purchased wholesale with currency resources from the sale of goods consigned to consumer society unions [potrebsoyuzy] out of market reserves, or acquired by the latter in commodity exchange operations with such goods, to the USSR Goskomsen for approval.

In accordance with Paragraph 3, Article 28, of the Law on Cooperation, imported goods, purchased wholesale by the Central Union of Consumer Cooperatives and its subordinate organizations with currency resources from the export of raw materials and products and goods of their own manufacture, are to be sold to the population at prices not exceeding the price levels set for similar goods by the appropriate state organs.

Information concerning the new goods' technical characteristics, catalogs or photographs of the articles, copies of the contracts with the specifications, and data on invoice value and purchase volumes must be submitted along with the projected retail prices.

USSR Goskomsen letters No 10-17a/2420-25 of 22 Sep 1987, No 10-50/3038- 25 of 30 Nov 1987, No 01-17/3019-05 of 26 Dec 1988, No 01-17/646-09 of 24 Mar 1989, No 01-17/1713-09 of 1 Sep 1989, and USSR Ministry of Trade and USSR Goskomsen letter No 1-87/1941 and No 01-17/717-09 of 3 Apr 1989, as well as other USSR Goskomsen decisions about granting the right to set retail prices on imported goods to certain



republic and local organs, will become ineffective, as of 1 Jan 1990, with respect to products covered in this letter by the appended list's nomenclature.

At the same time, we ask that republic and local price-forming organs, as well as the organs managing trade and consumer cooperation, give their attention to the need for strict observance of the prescribed manner of setting retail prices for new imported goods, and for increasing the validity of these prices by more careful consideration of quality, consumer features, and the effective state retail prices for similar and comparable products, as well as for achieving efficiency in export-import and commodity exchange operations.

#### LIST

**New imported goods not covered in the effective price lists, the projected retail prices for which are subject to submission to the USSR Goskomtsen**

Passenger automobiles and motorcycles. Sewing and knitting machines. Television sets, videocassette recorders, radio equipment, and personal computers. Refrigerators, washing machines, vacuum cleaners, kitchen appliances, and electric hair dryers. Photographic and motion picture equipment, lenses for these, and projection equipment. Mechanical and electronic clocks/watches. Hunting guns, small caliber rifles and carbines, and ammunition for these. Jewelry articles made of precious metals. Carpets and carpet articles. Fur articles and clothing made of natural hide. Alcoholic beverages.

#### Free Market Mechanisms Explained

90UF0143A Moscow IZVESTIYA in Russian 5 May 90 Morning Edition p 5

[Article by Ye. Bovkun and V. Tolstov (Bonn-Koeln-Dusseldorf): "Anatomy of Abundance; Reflecting, While Standing Near Overflowing Store Counters, on the Free Market and on What Our Trade Lacks"; passages in boldface as published]

[Text] For a long time we were afraid of the free market. We are still wary today and we wonder just what it is: Is it like a patchwork tablecloth or more like a spontaneous force of nature with unpredictable implications? Now that we have probably learned everything there is to know about the "advantages" of our planned economy, however, even the uncertainty connected with the coming era of the market economy seems less frightening today than the clear prospect of empty store counters. So, how does it work, this free market? What are the mechanisms that fill it with goods? What is the market's relationship with the customer? The article by our correspondents explains all of this.

#### Why They Have Everything

"Zwei stuecken—drei m-a-a-ark!" a pineapple vendor roars in a deep bass as he juggles a heavy tropical "cone." Nearby, people selling oranges, bananas, tangerines, and

other good things to eat advertise their wares by yelling at the top of their lungs. The result is a landscape with a sound track. The mango vendors are more discreet. They polish the already sparkling fruit with a clean cloth, giving the buyers a glimpse of the ripe and rosy fruit, and only mentioning the price when they are asked—7 marks each. Expensive. Of course, cherries out of season are even more expensive—20 marks for a small plastic container holding 250-300 grams. The 20 marks could buy almost a case of beer. The prices are different, but everything is here, even the kiwi fruit, something unknown to the Soviet consumer.

This is not simply a street scene of a market in the center of Bonn, but a miniature model of the free market at the moment when the final result is achieved.

Why be hypocritical? We have to admit that the abundance of goods is the best argument in favor of the market economy.

We will begin our excursion into the anatomy of Western abundance in Koeln, because this is the home of the headquarters of the West German Main Association of Retail Trade, to which 370,000 firms belong. This is virtually the entire national trade network. It is probable that it even has some features in common with our Ministry of Trade. Not in its operations, of course, but in its goals. The FRG retail trade association, as we told by one of its administrators, Hubertus Tesser, is not a government organization, but a voluntary association of 12 provincial unions. The German Government does not have to worry, as our Council of Ministers does, about how citizens are to be supplied with goods, about where stores and warehouses should be built and what kind of stores and warehouses they should be, or about which forms of trade should be developed. Those who do the trading take care of all this themselves.

The businessmen belonging to the association maintain a balance among themselves by observing the rules of gentlemanly competition and mutually beneficial cooperation. The total annual turnover of the firms belonging to the association is 600 billion marks. They earn a profit, not by trying to shove each other out of the way or by playing dirty tricks, but by competing in service and new ideas. This is how the network that has distributed stores evenly throughout the country and mapped the routes for the most efficient provision of these stores with goods came into being. Pardon us, but we do not see even the slightest hint of spontaneous or haphazard development in the free market.

"The union managers' theory of trade services," Hubertus Tesser told us, "allows any customer in a big city or a small town to buy any competitive item manufactured anywhere in the world."

Through the efforts of trade firms, goods make their way to store counters in West Germany in abundance. The supply almost always exceeds the demand, because there are virtually no enterprises operating at full capacity. Production reserves can be used at any time to increase

the output of goods or to put a new item on the market in response to the demands of fashion or changing tastes. This also applies to import policy. Like a gigantic pump, the system of commercial logistics fills stores with anything the German customer is willing to buy. These are not only the products of FRG industry, but a genuine array of goods from all over the world. Our country is also represented, although only on a modest scale. Shoppers in large stores can buy Stolichnaya vodka, Crimean sparkling wine, crab, and caviar. The last is expensive as hell.

### Shopping in the "Horten Gallery"

We have to say something specific about the different forms of trade. As the market developed in the FRG, consumer requirements took different forms. A customer can buy whatever he needs in any quantity. The only differences are in the quality of the product and the packaging and in the prestige of the brand name. Differences in demand are what gave rise to the many different forms of sales. There are retail trade houses or department stores, supermarkets, mail-order firms, wholesale markets and department stores specializing in construction materials, the retail subsidiaries of various factories, food vans, small shops and, finally, the "discount" houses selling goods at relatively low prices.

Each firm knows its customers, their tastes and requirements, and can remain successful as long as it keeps anticipating their wishes in advance. The Aldi firm, which is the leader in terms of turnover and income, is a good example. Its stores carry only 200-300 different items, mainly food items and an extremely limited variety of manufactured goods, but a variety encompassing the most popular items—from sandals to simple computers. Most of these are generic items with no brand names: Just plain sugar, salt, or sausages. Aldi is a store for low-income young couples, for retired individuals, for the many foreign workers in Germany and, regrettably, for business travelers from the East European countries.

The retailer in the FRG has to be sensitive to the changing situation at all times. He cannot just sit back and wait, as so many of ours do, to see what kind of goods the suppliers might offer him. This is unthinkable in a free market, because it would be followed immediately by the reduction of turnover. The firm would have less opportunity to buy new goods, their absence would then give competitors an edge, and this would lead to the further reduction of turnover.

Consumer mentality has undergone significant changes in the FRG in the postwar years. At one time customers appreciated the ability of a store to stock needed items quickly. Then customers acquired a greater interest in innovations and there was a higher demand for unique items. During the period of economic recession the system of discounts and markdowns was improved. Now, according to economists, the customer places the

highest value on competence in trade. Firms are concentrating on the development of logistics, the introduction of innovations, and the search for new types of service.

The leader in this area is the Horten merchandising firm. It is not the cheapest department store, but it is not the most expensive one either. It is intended for the mass consumer, but the goods here are of high quality and most of them are brand-name items. Horten (with an annual turnover of more than 3 billion marks) is a relatively young firm, but it has been more successful than others in mastering new forms of trade.

We were welcomed to the offices of the Horten corporation on the outskirts of Dusseldorf by members of the board Gert Peskes and Gunter Meyer, head of the Advertising Department Georg Moebius, and Public Relations Director Alan Heger.

What are the characteristics of the new form of trade known as the "Horten Gallery"? It is a network of shopping streets within the department store, hallways where brand-name items are sold. Horten immerses its customers in an atmosphere of comfort and diversion. There are recreation areas right inside the store, children's playgrounds with swings and video monitors, delicatessen and gourmet grocery departments, product demonstration halls, and small cafes. Records and laser discs of the latest hits are sold in the Young Fashions Department. Horten satisfies almost all of the needs of shoppers: There is a bank branch, an area where items can be left for safekeeping, information centers and, it goes without saying, a multi-story garage. The store also has its own travel bureau, where arrangements can be made for any kind of tourist travel. In short, every effort is made to convince the customer that shopping at Horten is a pleasurable experience as well as a practical one.

"Our products are sold by around 70,000 firms," Herr Erlinger told us, "and 150 large stores, but, of course, we deal mainly with wholesalers. They stock the goods in line with the principles of modern logistics and distribute them to various shopping centers."

We will remind the reader what the term "logistics" means: a system of logical material flow patterns—i.e., the organization of the storage and transfer of goods in such a way that the necessary item will be in the necessary place at the necessary time....

"What is the customer response to your innovations?" we asked the firm's administrators.

"They cast their ballots each day at the counters, or, I should say, at the cash registers," G. Meyer said. "As long as turnover increases, we know that everything is going well. If we feel that we have not pleased the customer, we have to make quick changes. Last fall, for example, we ordered stylish raincoats from Hong Kong. The tailoring of each cost us 100 marks, and we sold them for 200. But we were wrong about the colors. The navy blue coats sold more quickly than the white ones.

Soon there was a shortage. We had to order another shipment of blue coats, but this was a rush order from a local firm and it cost us more. We made almost no profit at all, but we kept our customers happy. The high prestige of a firm is not something you acquire once and keep forever."

#### **Democracy of the Female Bosom**

This phrase sounded more eloquent in the original when a Horten manager said it in German, but it is part of the terminology of West German businessmen. In essence, it means that the entire FRG economy is under the thumb of the German housewife. It is her needs and tastes that the trade network must take into consideration when it plans its strategy and sends its orders to industry.

Of course, this is an oversimplified description, but it is essentially accurate. In a market economy the consumer is not only the king, on whose mercy the income of producers and merchandisers depends, but also the arbiter of taste and fashion and a strict overseer of the state of the economy. The consumer in the FRG, for example, is distinguished by a high level of ecological awareness. Industrial and trade firms have had to take increasingly effective measures to protect the environment in line with the requirements of the "democracy of the bosom." Within just a few years, for example, detergents containing phosphates have almost disappeared from stores because the German housewives made a resolute and irrevocable choice in favor of ecologically clean chemicals. The first firms which began producing phosphate-free detergents were so far ahead of the competition that the other producers had to reorganize production immediately to meet these new requirements.

Now shoppers are successfully boycotting various aerosols containing the inert gases destroying the ozone layer, and enterprises have had to increase the output of ecologically safe spray containers dramatically.

German municipal governments are having a hard time keeping up with the avalanche of household garbage, much of it in the form of packaging materials. Empty boxes and disposable containers of various types are the bane of nature. Chemical factories have already had to take the opinions of housewives into consideration and have reduced the output of cleansers in large plastic containers and are packing them in "pre-measured" paper containers. This is another victory of "bosom democracy."

#### **When the Safety of the Consumer Is of Higher Value Than His Money**

The pyramid of market relations, at the top of which the German housewife stands triumphantly with her arms folded across her bosom, rests on the producer of goods, the industrial enterprise. How does it plan its strategy in a position so different from its position in the planned economy, and what motivates it to respond to the requirements of the exacting hausfrau? We visited the

Henkel chemical concern, one of the products of which, Dicksan detergent powder, is known even to consumers in our country. This concern, just as other large industrial firms in the FRG, has its own philosophy and its own constitution. All of its managers are obligated to act in line with this code of principles.

The highest principle is responsibility to the society—the obligation to contribute to the improvement of the quality of life. This presupposes the safety of the consumer, which is of even higher priority than commercial success, as we were informed with pride by our hosts at the firm—Business and Sales Manager Eric Erlinger, Detergent and Cleanser Production Management Chief Joerg P. Koppenhoefer, and Public Relations Director Gerd Langdorf.

"We supply 70,000 firms with our products," Erlinger said. "To know what the customer wants, we have to study public demand carefully. We are always thinking about innovations and the renovation of technology. We have managers who are in charge of separate product groups and who control the entire chain—from market analysis to advertising. Others study the consumer mentality to learn the most profitable and practical merchandising methods. Marketing strategy is even more important to us than to trade firms. Incorrect forecasts of the demand for new goods cost the producer more than the retailer...."

"How much time does it take for a new idea to take the form of a product?"

"About a year and a half. First the product is tested to make sure it is safe for the environment and for children. Then it is sold in our store. Not so that we can make a profit, but so that we can study the demand for the new product and determine its value."

If a firm suffers a fiasco with a new product and the market is taken over by a more fortunate competitor, the loser grudgingly agrees to a compromise. He buys the technology from the winner and produces the item himself, but in the packaging and under the brand name of the competitor. The loser has to pay in prestige to sustain a profit.

Before we left, we invited the Henkel firm to take advantage of the opportunity to advertise in IZVESTIYA.

"We never even dreamed it was possible!" Herr Erlinger exclaimed. "As a Henkel manager, I advised our administration to look into this matter. We could certainly cooperate with the USSR in the renovation of your chemical enterprises producing detergents and cleansers. Instead of just selling Dicksan to your country occasionally, we could make the arrangements for long-term cooperation."



**Are the Germans Selling Their Homeland When They Sell Their Land?**

The free market also taught us something else. There have been so many battles over the issue of free economic zones in the USSR and the leasing of buildings and sale of building lots to foreign firms. Nothing serious has been done yet, but we are already hearing angry complaints about the malicious sale of our country. Let us look at the issue from the standpoint of reason instead of emotion.

It is unlikely that we will learn to grow pineapple in commercial quantities in the Kuban in the foreseeable future. We cannot even grow strawberries year-round yet. The abundance in the West German stores does not all come from Germany either. Goods of excellent quality and in the necessary quantities are brought in, as we saw, from all parts of the world. And it is not just the solid and convertible Deutsche mark that sets this mechanism in motion. The conditions established for business in the FRG are also important.

It would seem that the Main Retail Trade Association, as an organization of German firms, would have no reason to help foreigners with their problems. Nevertheless, one of its offices helps foreign businessmen begin trading in the FRG. This is convenient for the country. The association provides foreigners with commercial information and advice and acts as the middleman in negotiations with government agencies and labor unions. It can help in the purchase of buildings and lots or in the negotiation of long-term leases and in trade.

The average German customer also benefits directly from the presence of foreign trade firms in the country. The fewer middlemen there are along the product's journey to the consumer, the lower its price. The consumer has a wider choice. It is no wonder that many Germans prefer to buy fruit not in well-appointed stores, but from the unpretentious street markets where Moroccan oranges, for example, are sold by the Moroccans themselves. A 3-kilogram package costs a mark less here than in the supermarket.

The signs of Japanese stores can be seen on the streets of German cities. They appeal to shoppers with their high-quality radioelectronic items and their first-class service.

Spanish stores sell fish in Koeln, and French stores sell cosmetics and perfume in Bonn. There is a multitude of the Canadian McDonald's restaurants everywhere, and not just one, as in Moscow. In addition, there are many Greek tavernas, Italian pizzerias, and Yugoslav grills.

For some reason, the Germans are not frightened when a foreigner becomes the owner of a tiny portion of their Fatherland. Of course, this is not because they do not care about the future of their country, but because they respect property rights and because they know that Germany will not be put on the auction block. No amount of money could buy it. Besides, not everything is for sale.

To stimulate the flow of goods, we can and must grant foreign businessmen the rights they are granted in similar cases all over the civilized world. It is time we rid ourselves of the illusion that nature has endowed us with such great wealth that we are completely self-sufficient. The Germans, who are much more self-sufficient than we are, are not bothered at all by the penetration of their market by the foreign businessmen who help them live in an atmosphere of abundance.

They would do the same for our businessmen, if ours could only find something to offer the pampered customer. But how would we treat their businessmen? The Germans are interested. The Horten merchandising firm has been thinking about opening a store of its own in Moscow for a long time.

We have watched with anxiety and hope as the president's council has mapped out a strategy for the transition to a market economy. It will probably be difficult for all of us to adapt, not only because of natural economic factors, but also because of understandable human weaknesses. Foreign experience testifies, however, that the market has nothing in common with the enemy image and does not resemble a patchwork tablecloth. It is more like a universal instrument, and, quite frankly, this is exactly what the people in our country with the ability and desire to work have always lacked.



### Formation of Bush Administration "Team" Described

90UF0147A Moscow PRAVITELSTVENNYY  
VESTNIK in Russian No 18, Apr 90 pp 10-11

[Article by L. Koryavin (Washington-Moscow): "The President's Team; How the Machinery of the U.S. Executive Branch Works"]

[Text] The inauguration of the president of the United States takes place, as we know, in the middle of January. Whether the weather is fair or foul, he stands on the steps of the Capitol and vows to serve the United States loyally and to uphold the national constitution.

Inauguration Day is the day when one president moves out of the White House and another moves in. This does not mean, however, that the new cabinet and the new administration can go to work right away. As a rule, the cabinet has not been formed by that time. Between the elections, which are held in November in the United States, and Inauguration Day in January, when the new president is legally invested with executive authority, there is something known as the interim period. The previous head of state is still in charge, but the new one is already choosing the members of his team. This is a process of the organization of the upper echelons of the administration—the secretary of state and the secretaries of other departments—and of the White House staff itself. Whereas these echelons, including the chief of staff and the White House staff members the president chooses himself, number only a couple of dozen, the lower echelon numbers more than 5,000.

The creation of the cabinet is the president's prerogative. With the help of his closest advisers, he chooses the people who will occupy the highest offices. Filling the more than 5,000 vacancies created in the administration by a change of presidents, however, is a complex process. For this purpose, a committee is set up to take charge of the transition period, and it also consists of the president's closest advisers.

What is this committee? At the time of the last presidential elections in the United States, I observed its work. Black limousines with the name of the committee inscribed on their windshields could be seen in Washington, in the center of the city. Because the American administration has no buildings of its own (with the exception of Blair House, the two-story mansion across the street from the White House, used only for high-ranking guests), the committee was housed in the Dupont Circle building of the Department of Commerce. It was from here that the limousines drove to various departments and agencies, where committee members spoke with the officials hoping to occupy positions in the new administration. In fact, some of them came to Dupont Circle themselves to submit their resumes and receive their "first communion" from the committee.

As I already said, the appointments of department secretaries are considered and made by the president himself. This is followed by the choice of around 100 officials of the "second echelon," most of whom are also known to the chief of state—deputy and assistant secretaries and the heads of agencies and various government associations. This is followed by the appointment of the 5,000 officials chosen by the interim committee. Many of them, just as all of the "first and second echelons," must win Senate approval.

The Bush "team" was formed in accordance with all of the rules of the political game: There are some veterans from the Reagan administration and some new faces, indicating respect for the interests of different factions, especially the conservatives. It was important to have some people in the administration who could "get along" with Congress, where the Democrats are in the majority.

Computers were installed in the rooms housing the committee. Their "memories" held all 5,000 offices and an even higher number of applicants for these offices. It is true that Bush inherited some administration personnel from Reagan and that, as the former vice president, he knew many of them. Reagan personally asked his staff to "support Bush's personnel policy," a request which aroused the greatest pleasure among the public servants: Only 500 resignations were submitted "to observe the proprieties" of the interim period.

I was shown the book by John Tratner, a member of the U.S. academic community, which serves as a guide in the selection of personnel. It lists the 116 most important "second-echelon" government offices and offers advice on the kind of individuals who should be chosen to fill these positions, including detailed advice on their experience, education, and personal connections, and even on their age.

One of Bush's first actions was his warning that the new administration would be free of the corruption in which many members of the Reagan team, including the heads of departments, were implicated. Most of the 500 officials who submitted their resignations wanted to avoid this kind of examination by the interim committee. Bush issued his first demand to the committee itself: Each member had to divulge all of the details of his financial records—i.e., his income and, the main thing, his tax bracket.

A special effort was made to ensure that no committee member "had any personal interest in any of the departments" and "had no financial interest in its agencies."

The committee does its work according to the following procedure: Candidates are not asked to come to the committee offices. Committee members go to their offices and interview them there. Those who have resigned or who do not work but have applied for a particular position are interviewed at home. Committee members use these conversations as the basis for a "profile" of the candidate: his administrative experience, abilities, mistakes, and achievements. Special

demands are made on his moral qualities, and the main one is his attitude toward his family.

When committee members are compiling the "profile," they are authorized to discuss the person's qualities behind his back, so to speak. They interview his friends and enemies. The evaluations differ, of course, but they must adhere to the strict rules of the government code of ethics: The information must be true and impartial. Lies and slander are punishable by law. This is part of the system of checks and balances which make it impossible to slander a person. He has the right to receive "satisfaction" by suing for "moral damages" and demanding millions.

In general, the ethics and morality of public service are the matters on which Bush first focused attention when he took office. The reason was that many members of the Reagan administration, including department secretaries, were involved in corruption. This meant that the Bush administration had to quickly "divest itself" of the Reagan administration's legacy.

This, however, was a difficult process. The corruption had put down deep roots in the U.S. Government, and especially in the relations between the executive branch and industrial concerns, primarily military firms. The epidemic of scandals was particularly noticeable here. The reason was something known in the United States as the "revolving door" policy. In essence, this means that the same people move from the administration to large industrial associations and back again.

This connection turned out to be so strong that when Bush was forming his administration, there were long delays in filling vacancies in the Defense Department and the Department of Energy, which is in charge of the affairs of the nuclear industry. More than 4 months after Bush's inauguration, many offices in these departments were still vacant because the candidates from the "revolving door" tribe had not passed the ethics test. Furthermore, several people who had already received appointments in the Bush administration quickly submitted their resignations when they learned that morally compromising items might appear in the press. This is what 26 high-level NASA officials did, for example, in the belief that resigning too early was better than being exposed too late.

There is something in American political terminology known as the "100 days." It refers to the first phase of the term of a new or re-elected president of the United States. During the "100 days," the president chooses his cabinet and works out his general policy line. Bush did not meet this deadline. He took more time than any other recent president to show his political hand. It was

not until after the "100 days" were over that Bush made several policy statements and essentially finished forming his administration.

Incidentally, the term "administration" does not refer only to the cabinet, but also to the Executive Office of the President (EOP). This is a relatively "young" institution in view of the 200-year history of the American Constitution. Its functions are not specified in the highest law of the land, and it was first created in 1939 by President Roosevelt.

The EOP immediately began performing functions of its own and then acquired real power soon afterward, although its role should not be overestimated and it should not be placed above the cabinet. Both are structural elements of the federal administration. The EOP is simply "closer" to the president, and its administrators look into the Oval Office more often.

It is their function to provide the president with information and counsel him before he makes any final decisions. These "White House men" are frequently the unofficial initiators of the legislative proposals that later take legal form as administration bills. Furthermore, everything depends on the personalities of these individuals. When Baker was chief of White House Staff—i.e., the main part of the EOP—he was known as the "President's prime minister" in Washington. The other subdivisions of the EOP are the Office of the Vice President, the National Security Council, the Office of Management and Budget, and the broad range of presidential advisers—on policy issues, on inter-agency relations, on legislative affairs, on public relations, etc. The office of the press secretary is part of the White House Staff.

The president's press secretary performs two kinds of functions: He not only informs journalists of administration actions, but also publicizes its activities, striving to influence public opinion through the news media and purposefully focusing public attention on actions enhancing the president's prestige and, what is most important, on Washington. The press is a colossal institution in the United States. In each state the Americans prefer their local newspapers and local television channels, but the mechanics of influence are such that news reports from Washington dominate the media.

In turn, the press and television are useful to the administration's agencies and the White House Staff. They serve them as an important source of information because the reports of American journalists overseas often come in ahead of the diplomatic mail. The press also sheds light on events within the country requiring action on the part of the administration. Besides this, the mass media give the president some idea of the main concerns of the American people. In this context, the public opinion polls published regularly in the press have a particularly strong influence. The president also has a special subdivision analyzing the polls and public opinion in general.

### USSR, Italian Cooperation in Combating Crime

90/UN1672A Moscow TRUD in Russian 27 Apr 90 p 3

[TRUD interview with Vadim V. Bakatin, USSR minister of internal affairs and Antonio Gava, Italian minister of internal affairs: "Crime Crosses Borders: To Fight It Requires All-European Efforts"; in Rome]

[Text] Rome, 26 April—About two months ago I ran across an interview that struck me with its title and, even more, its content. It was called "The Mafia Moves East." Well-known Italian sociologist Pino Arlacchi said in it, in particular, that the Soviet Union has always been a "tax paradise" for foreign investors and speculators. Moreover, the USSR has been "marked" more than once as a haven where illegal financial operations could be conducted to "launder" money accrued in the narcotics trade.

A sociologist's fantasy? It is unlikely that such a serious scholar as Pino Arlacchi, who is also the first Italian president of the International Association for the Study of Organized Crime, would permit himself anything of that sort. The association was formed five years ago in the United States and brings together 500 university scholars, researchers, and police departments heads from many countries of the world. So there was no reason not to believe an informed person. Doubts lingered nonetheless, however.

But a few days ago in Rome, at the Italian Ministry of Internal Affairs, I heard the following, word for word:

"Criminals have already begun working between Italy and the Soviet Union. There is evidence that Mafiosi, taking advantage of opportunities for joint enterprises and cooperatives, have carried out several illegal operations."

I heard this from the lips of USSR Minister of Internal Affairs Vadim Viktorovich Bakatin, who was sitting alongside his colleague, Italian Minister of Internal Affairs Antonio Gava. They had just signed a memorandum for cooperation in the fight against organized crime. And now, complementing each other, they have answered journalists' questions:

[Bakatin] We know that criminals work with Italians who have work in the Soviet Union and are interested, for example, in the possibility of acquiring weapons from Italy. Some of our specialists back in December of last year asserted that the USSR has no such organized crime. This is a serious error. We do and it is growing at a great rate. Its foundation is the shadow economy, and it has for a roof the corrupt apparatus of the law enforcement organs primarily. Unlike Italian or American organized crime, organized crime in the Soviet Union gets rich mostly in the economic sphere, through embezzlement. If we were to take the overall structure of crime, the narcotics trade in the USSR makes up about 1 percent. But that does not mean that we should not be extremely alarmed. The potential exists in our country for a surge in the narcotics trade.

[Gava] Cutting off contraband narcotics is one question that can be resolved through joint efforts. We know the mechanism: bilateral and multilateral agreements, especially concluded within the framework of the U.N. The memorandum signed by the Italian and Soviet ministers of internal affairs is a definite step toward cooperation in the fight against the narcotics trade and organized crime as a whole.

[TRUD Correspondent] Minister—I'm addressing Antonio Gava—Italy has known ups and downs in organized crime. What, in your view, are the reasons behind its current growth?

[Gava] As I have informed Parliament, organized crime has been reactivated in Italy in recent years. One of the chief reasons for its growth, I think, lies in the ease of obtaining illegal profits from contraband narcotics in our country. We need to uncover the channels for "laundering" the dirty money acquired from their sale. Even a few years ago very little was said about this. Today we have in Italy the Rognoni-La Torre law, which deals with "laundering" as a crime. This problem, let us note, also concerns Minister Bakatin.

[TRUD Correspondent] Minister, do you believe that crime can be conquered?

[Gava] If I didn't I wouldn't be in this ministry today. We have to be realists. We have to know where the danger of crime comes from and prepare the instruments to fight it in time. That includes legal instruments. Italy does not have the death penalty. Discussions are even under way about abolishing life imprisonment. So be it. However, people have to be confident that the criminal will serve the prison term set by the court. As of now, Italians do not have that confidence. In fact, it is inadmissible to worry only about humane treatment of the criminal and to ignore the victims.

[Bakatin] The humanization of the justice system given the growth in crime is a complex problem. This process is under way in the Soviet Union. Take the corrective labor institutions. In 1986 they held on the order of 1,600,000 people; today the number is 700,000. Despite the growth in crime, there has been a lowering of the index of convictions. It takes courage to pursue this path. By no means everyone in the Soviet Union approves of what we're doing; some demand harsher punishment measures for criminal violations.

[TRUD Correspondent] Vadim Viktorovich, what provoked your interest in the Italian financial guards?

[Bakatin] Radicalization in the economic sphere must lead to regular market relations, to some degree of private property in the Soviet system. All this demands that we work out measures to defend the future market from the "dirty" capital of the shadow economy, which could inflict a serious blow on our society. The experience of the Italian financial guards in this regard seems useful for study.

Experience for study.... These days it is taking root even in departments closed to outsiders. The more you read in the text of the memorandum on cooperation between the Ministries of Internal Affairs of Italy and the Soviet Union, the more you are convinced of this. Judge for yourself: under the ministers' chairmanship a bilateral committee is being formed for cooperation in the struggle against organized crime. And so that the cooperation will be effective and concrete, the sides have agreed to exchange on a steady basis information and data on the forms in which organized crime manifests itself and plans for and results of the struggle against it.

Most promising, though, is the two countries' MVDs' cooperation in exposing the channels for contraband narcotics and the timely discovery of "dirty" money flows and their blockade. With this goal in mind the ministries will exchange specialists and work on establishing the causes, structure, and dynamics of organized

crime. Italy is the second Western European country after Austria with which the USSR MVD has signed such a document.

"Soon," V. V. Bakatin said in our conversation, "analogous documents will be signed with other countries of the West. Organized crime in our country is beginning to grow at a furious pace. Consequently, we need to create new institutions to cut it off. It is essential, for instance, that we pave the way for our specialists to get advanced training abroad. Until the present day only one colleague a year could do this—we didn't have the hard currency. From now on we intend to disperse the hard currency the USSR MVD earns for training foreign specialists independently, to use it for advanced training for ministry colleagues in the countries that interest us. Hundreds, if not thousands, of people need it. One day the borders will be open both ways. Then the MVD's isolation will be a thing of the past."



### Age-Old Territorial Conflicts Continue To Plague East Europe

90UF0154A Moscow LITERATURNAYA ROSSIYA  
in Russian No 18, 5 May 90 pp 18-19

[Article by M. Aleksandrov: "Dangerous Ambitions: National- Territorial Problems in Eastern Europe"; passages in boldface as published]

[Text] At that time, in May 1945, a time so distant and yet so near, it seemed that Europe had secured peace forever. The situation changed quickly in Eastern Europe, however, and it turned out that the coals of old conflicts had not gone out, but were still smoldering deep under the ashes of past wars....

Political stability on the European continent is an essential condition for the further development of the all-Europe process and the advancement toward a "united Europe." Now there are clear signs, however, that the changes in the countries of Eastern Europe have not only established the prerequisites for East-West rapprochement, but also include dangers that could destabilize the entire European situation. One of these dangers is the exacerbation of territorial conflicts between East European countries. The tendency is quite clear. Sufficient evidence can be found in the recent events in the Romanian city of Tirgu Mures, which led to an ethnic conflict between members of the Hungarian ethnic minority and the Romanian population.

It would be impossible not to see the international implications of these events, particularly in view of Hungary's reaction when it tried to internationalize this conflict. In Budapest, in particular, thousands of people attended a protest rally in connection with the "displays of anti-Hungarian feelings in Romania." The gathering was addressed by members of the leading parties in Hungary, who asked their fellow citizens for a show of solidarity and support for the Hungarian minority in Romania. The leaders of the Hungarian Democratic Forum met in front of the Romanian Embassy in Budapest and tried to deliver a message of protest to Romanian representatives. The events in Romania were also vehemently protested in a statement by the Union of Free Democrats.

The Hungarian-Romanian conflict over Transylvania dates back to deep antiquity. The territory changed hands several times, and only the peace treaty of the victorious powers with Romania (in 1947) gave Romania full rights to Transylvania. This was also recorded in the peace treaty with Hungary.

Nevertheless, the coals of the Hungarian-Romanian conflict continued to smolder. The situation became particularly tense in the last years of the Ceausescu regime. The unpopularity of his regime allowed Hungary to win the support of broad segments of the international public. Budapest was able to secure the support of most of the European countries by insisting on the need to defend the rights of the Hungarian ethnic minority

against the oppressive practices of the "totalitarian regime." The Soviet Union also sympathized with the Hungarians, who were expressing, as it seemed at that time, fair and democratic views. Nevertheless, the USSR wanted to avoid political complications and preferred not to take any side officially in the dispute between its two allies.

After the fall of the Ceausescu regime, there were good prospects for the normalization of Hungarian-Romanian relations on the basis of the principles of the Helsinki Final Act. The sweeping democratic reforms in Romania contributed to this atmosphere. In particular, Bucharest withdrew all of the Romanian leadership's earlier stipulations with regard to the statements about human rights in the final document of the Vienna meeting. It allowed the creation of political parties, including parties defending the interests of ethnic minorities. Organizations such as the Hungarian Democratic Union of Romania and the Hungarian Independent Party were the result. All of these measures should have eliminated the Hungarians' worries about the status of their countrymen in Romania.

This, however, did not happen. Hungary's actions in connection with the events in Tirgu Mures suggest that Budapest had no intention of giving up its earlier line, in spite of the fact that the references to the "defense of human rights" in Romania had ceased to agree with the facts. Apparently, the time has come for the European states to express their unequivocal opinion of this line, and to do it in the spirit of the Helsinki Final Act, which proclaims the inviolability of postwar borders.

This is all the more important now that the squabbles over Transylvania could resurrect the problem of Southern Dobruja—a territory Romania seized from Bulgaria during the second Balkan War (in 1913) and finally incorporated as a Romanian territory as part of the Versailles system. This would be certain to cause a chain reaction and would escalate other territorial conflicts in Eastern Europe.

It is possible that the "Macedonian question" could become a painful issue. This is indicated by the recent exchange of attacks between Bulgaria and Yugoslavia. The Yugoslav demarche was a response to a remark by Bulgarian Communist Party leader A. Lilov. He said that "there is no reason to speak of a Macedonian minority" and that "the people in Pirin Macedonia call themselves Bulgarians." The chairman of the Presidium of the LCY Central Committee M. Pancevsky, criticized these remarks, saying that they were "in keeping with the policies of T. Zhivkov." "We expected the new policy in Bulgaria," he stressed, "to bring about changes in its stance on the Macedonian ethnic minority in Pirin Macedonia." He asked the Bulgarian leadership to renounce the earlier "great-Bulgarian theses" and to acknowledge the presence of a Macedonian ethnic minority in Bulgaria.

Macedonia became a bone of international contention at the start of this century, when it was the object of competition between Serbia and Greece on one side and Bulgarian on the other. As a result of the second Balkan War (1913), Bulgaria lost most of its land in Macedonia and Thrace. Macedonia was divided among Serbia (Vardar Macedonia), Greece (Aegean Macedonia), and Bulgaria (Pirin Macedonia). Bulgaria's attempts to regain this territory in the two world wars were unsuccessful.

After World War II the party and state leadership of Bulgaria was able to neutralize the conflict with Yugoslavia. It stressed its lack of claims to territory in Yugoslavia, but mutual suspicion and mistrust continued to exist.

"For the last 2 months nationalism has been creeping through the Balkans like a fuse, which could be set off by the slightest spark, and there is no shortage of these, as recent events in Yugoslavia, Bulgaria, and Romania have demonstrated," declared D. Dempsey, the Bucharest correspondent of the *FINANCIAL TIMES*. "But if the nationalist fuse is lit, what will happen to the Balkans, which were once called the 'powder keg' of Europe?"

It is true that Hungary and Bulgaria have territorial conflicts simultaneously with Romania and Yugoslavia. As we know, by the terms of the Treaty of Versailles, Hungary turned over Croatia and Slovenia to Yugoslavia. If a united Germany is added to this group of states, the result is a completely depressing prospect.

Germany and Hungary certainly have points of contact in this area because both could make claims on territory in Czechoslovakia: The former could claim the Sudetenland and the latter could claim some parts of Slovakia.

It is interesting that the Hungarians have never dropped the "Slovakian question." This even led to certain complications in Hungarian-Czechoslovak relations in the recent past. For instance, there was the incident when the Czechoslovak side protested the message in the Hungarian radio and television programs which, as the Czechoslovak leadership pointed out, were fueling nationalist feelings among the Hungarians living in Slovakia. This was one of the reasons for the curtailment of the joint Hungarian-Czechoslovak hydrosystem construction project on the Danube, although economic considerations were cited as the official reason in a Hungarian statement. It is true that this happened in M. Jakes' time, but the change of leadership in Prague has only defused the situation partially. This is evident just in the fact that when V. Havel visited Hungary in January, the Hungarian news media suggested that the Czechoslovak president should have apologized to the Hungarians, just as he did to the Sudeten Germans, who had suffered as a result of the adjustment of borders in Czechoslovakia's favor after World War II.

The reasons for the exacerbation of territorial conflicts in Eastern Europe are understandable. Nationalism is

the natural companion of the unsolved socioeconomic problems in the region. The economic difficulties of the East European countries, combined with the ideological vacuum created by the isolation of the communist parties from the leadership, gave rise to a wave of nationalist feelings. Furthermore, certain groups in these countries are trying to make use of this nationalism for the purpose of earning political capital and making a bid for power. The danger of these "games" was pointed out recently by General J. Galvin, supreme allied commander of NATO forces in Europe. After commenting that there was no longer any direct threat of military attack by the Warsaw Pact, he said: "Today...there is a mounting threat of a different kind, engendered by the overall situation of uncertainty and unpredictability in international relations."

Under these conditions, possible claims to territory in the USSR are of special concern. Several disturbing symptoms of this kind have already been seen. Although all actions to date have been taken by circles and groups with no direct connection to the official leadership, we must not lose sight of this possibility. It is a serious problem because the actions of these groups, actively making use of the news media, cannot fail to influence public opinion in the East European countries. As we know, when the seeds of nationalism fall on fertile soil, they can multiply with amazing speed. Once again, Hungary has assumed the role of "leader" in this process.

Last September, for example, Budapest's *DATUM* newspaper suggested a unique "justification" for the claims to the transcarpathian zone in the Soviet Union. This territory, according to the author of the article, was never part of the Russian Empire or the USSR, but belonged to the Hungarian State for a thousand years. The author goes on to demand nothing other than the eviction of the Russian and Ukrainian population from this region and the "return" of this territory to the Hungarians. It is true that he forgot to mention that the USSR did not get this territory from Hungary, but from Czechoslovakia, which acquired the right to it in the Treaty of Versailles. If we look into antiquity, however, we can see that the boundaries of the Galician-Volynian Duchy in the 12th century stretched far to the west of the present borders of the USSR. Finally, a third point is that Hungary, by fighting on Fascist Germany's side in World War II, must bear its share of responsibility. This is one of the provisions, incidentally, of the peace treaty with Hungary. We must say that our press reacted quickly to the groundless attacks. The article in *SOVETSKAYA ROSSIYA* last October is a good example.

At the end of February several Hungarian opposition parties and some Soviet informal movements, particularly the Cultural Union of the Transcarpathian Hungarians, the Ukrainian National Movement, and some others, organized a mass rally on the Soviet-Hungarian

border. The official reason for the rally was the construction of a radar station in this region, which is supposedly ecologically indefensible. The real cause probably lies much deeper.

Claims to the Ukraine's transcarpathian zone can now be heard coming from Czechoslovakia too. The Republican Party which was formed there last December made the "return" of this territory one of the points of its program. One of the party's leaders, M. Sladek, recently said at a press conference that the Republicans intend to organize a boycott of Soviet goods in Czechoslovakia. "Our agents and the occupied cannot be friends," he stressed. "They can only be enemies."

The leaders of the Republican Party have said nothing about the fact that Czechoslovakia has the USSR to thank for the return of the land it lost to Hungary in 1938 by the terms of the first Vienna Award—terms which were dictated by Berlin. Something else that must not be forgotten is that Czechoslovakia received additional territorial compensation in the southwest after World War II. Furthermore, the transfer of transcarpathian Ukraine ("Subcarpathian Russia") to the USSR was accomplished in line with the agreement on the transcarpathian Ukraine between the USSR and Czechoslovakia of 29 June 1945. The treaty specifically said that the transcarpathian Ukraine would be "reunited, in accordance with the wishes of the population of the transcarpathian Ukraine...with its ancient Ukrainian homeland." Therefore, Czechoslovakia has no political or legal grounds to demand the "return" of transcarpathian Ukraine now.

The same kind of situation is taking shape in our relations with other neighboring states—Romania and Poland. Claims to Soviet territory are now being made by various political forces in both countries. In Bucharest, for example, the cultural association "For Bessarabia and Bukovina" was recently formed. The members of this association advocate free travel—without visas or permits—for Romanians on both banks of the Prut. The association will foster scientific research aimed at reinstating the "historical facts" about the territories between the Prut and the Dnestr, arrange for the collection of documents on Romania's ownership of Bessarabia and Bukovina for the purpose of their collation and publication, and take measures to "integrate the spiritual, cultural, and artistic values" of the Romanians living in Bessarabia and Bukovina.

There have also been more flagrant infringements of the territorial integrity of the USSR. For example, DREPTATIA, the organ of the National Party in Romania, recently published a letter from the chairman of the national action committee "Bucharest-Kishinev: For Free Travel," G. Gavril-Kopila. It said that Bessarabia and Northern Bukovina were "annexed" in 1940 as part of the "Ribbentrop-Molotov pact." After the Congress of People's Deputies of the USSR condemned this document, the author of the letter said, "the result of the brutal actions should have been annulled" and the

Romanians "from the east bank of the Prut to the east bank of the Dnestr" should have been given the right to "decide their own future."

Of course, the author says nothing about the fact that the Soviet-German nonaggression pact of 1939 was preceded by Romania's treaty with Great Britain, France, Italy, and Japan of 28 October 1920. The annexation of Bessarabia by Romania in 1918, when Soviet Russia was in an extremely difficult position, was recorded in this treaty. Even earlier, in line with the Treaty of Versailles and contrary to the decision of the National Vece (of 3 November 1918) on annexation by the Soviet Ukraine, Northern Bukovina was handed over to Romania. Finally, we must not forget that Romania, like Hungary, fought on Fascist Germany's side in World War II and must therefore bear some responsibility for this.

When we discuss possible territorial conflicts in Eastern Europe, we must not forget about Poland's eastern border. It is amazing but true that Polish nationalist organizations are still trying to stir up emotions over this topic in spite of the remonstrations of the Polish Government. Slogans like "Soviets go home!" and the desecration of the graves of Soviet soldier-liberators are now being accompanied by open demands for the return of the Western Ukraine and Belorussia to Poland. On 18 March, for example, a group called the "Federation of Militant Youth" held a demonstration in Gdansk under the slogan "No more pacts with the Reds." Its organizers issued demands for compliance with the provisions of the 1921 Riga Treaty between Poland, the RSFSR, and the Ukrainian SSR, in which the Western Ukraine and Western Belorussia were included among Poland's possessions.

Are there any grounds for these demands? Paradoxically, the present Polish border was defined without the participation of Soviet Russia. In December 1919 the Supreme Council of the Entente recommended the "Curzon Line" as the eastern border of Poland. It corresponded in general to the ethnographic settlement patterns of the Ukrainian and Belorussian population. The Soviet Government agreed to accept this line in principle, but as a result of the Soviet-Polish war of 1920, we had to accept a border far to the east of the Curzon Line. In September 1939 the Soviet Union conducted the annexation of the Western Ukraine and Western Belorussia in an effort to restore historical justice. The three powers agreed at the Crimean conference in 1945 that the eastern border of Poland would run along the Curzon Line. The Soviet-Polish treaty on the state border of 16 August 1945 sets a boundary corresponding in general to the Curzon Line.

We must also remember that Poland received substantial territorial compensation at Germany's expense after World War II. It is indicative that the demonstration was held in a city which was once on Germany territory, and no one knows what would have happened to it and to many other Polish territories if it had not been for the



diplomatic efforts of the USSR, which defended the Polish lands in spite of the pressure the United States and England were exerting.

The Polish extremists' claims to Soviet territory have understandably disturbed the present Polish leadership. After all, the western border of Poland is now being debated in the FRG, and Bonn has still not offered any unequivocal guarantees of the inviolability of this border.

Under these conditions, many Polish politicians are wondering what will happen if the USSR responds to Poland's lack of ally loyalty by refusing to guarantee its territorial integrity.

Here, for example, is what famous Polish journalist K.T. Teplic wrote: "Security will not be guaranteed, and Poland will become weaker than ever before if the Soviet Union no longer perceives any interests of its own in the territory between the Bug and the Oder." An even more categorical statement was made by S. Kiseliewski: "Stalin defended our western border in Yalta and Potsdam, frequently against the wishes of the Western Allies," he said. "We are the product of Yalta.... We are amazed by L. Walesa's appeal for the withdrawal of Soviet troops from Poland. Is this really a good time to irritate the Russians, now that the political forms of German reunification are still unknown? The future of Russia and perestrojka...depend on economic reform.

During the period of economic recovery, might it not eventually turn to a rich united Germany for help in exchange, for instance, for the 'unimportant' territories of the west coast or the port of Szczecin? I would advise against anything that might make Gorbachev consider this option...."

Officials in Poland are apparently beginning to realize that the only reliable guarantor of Poland's borders is the Soviet Union. After all, it is possible that if the NATO countries have to choose between the FRG and Poland, they will give preference to German interests because they have a much stronger connection with the Germans than with the Poles.

Therefore, faced by the prospect of a united Germany, Poland can only rely strongly on the USSR's ally commitments. These commitments, however, presuppose reciprocity. We must say that the Polish leadership is not making every effort to give the Poles an "enemy image" of the Soviet Union.

The elimination of Soviet political commitments in Eastern Europe would mark the beginning of an era of political uncertainty for Poland and for other East European states. The outbursts of nationalism in these countries could lead to mutual friction, attacks, and claims and also to direct armed conflicts. This would hardly be a desirable outcome for the people of these countries.

### **Economic Growth of Newly Industrialized Countries Examined**

90UF0176A Moscow ARGUMENTY I FAKTY  
in Russian No 20, 19-25 May 90 p 41

[Article by V. Andrianov, candidate of economic sciences: "The Big Miracles of the 'Little Dragons': The 1988 Export Figure for the Newly Industrialized Countries of Asia was 262 Billion Dollars"]

[Text]In recent years Soviet and foreign economists have paid careful attention to the progress in economic development attained in the so-called newly industrialized countries (NIS's) of Asia—South Korea, Taiwan, Hong Kong, Singapore, Malaysia, and Thailand.

Almost all of these countries are former colonial possessions, and even today Hong Kong is formally a colony of Great Britain. Not long ago they had economies typical for developing countries; agriculture and extracting industry predominated in their economic structures. These countries had miserly per capita income and underdeveloped internal markets and suffered severe currency and financial problems.

By the end of the 1980's the picture had changed drastically. The NIS's of Asia began to overtake the leading developed capitalist countries. Thus, in 1988 the average annual growth rate of gross national product in South Korea was 12.2 percent, while in Singapore and Thailand it was 11 and in Malaysia 8.1 percent; for comparison, the figure was 5.1 percent for Japan, 3.9 percent in the United States, and 3.4 percent in West Germany.

In terms of per capita income Singapore and Hong Kong (more than 8,000 dollars) have already joined the group of the world's richest countries, surpassing such states as Spain, Ireland, and Italy. In 1990 Taiwan will join this group.

The foreign trade of these Asian countries is developing even faster. In 1988 their aggregate export reached 262 billion dollars, trailing in value only export from West Germany, the United States, and Japan. Hong Kong, Taiwan, South Korea, and Singapore are among the world's 20 largest exporters.

Moreover, 80 percent of these countries' export is from manufacturing industry. Hong Kong today has become one of the world's leaders in export of clothing, wristwatches, telephones, and toys, while Taiwan is a leader in footwear, monitors, movie cameras, and sewing machines, South Korea excels in ships, containers, television sets, VCR's, and microwave kitchen appliances, Singapore in offshore drilling rigs, magnetic disc drives, and VCR's, Malaysia in electronic components, air conditioners, rubber gloves, and so on.

In foreign markets these countries' products are highly competitive because of their high labor productivity and low wages costs. Asian goods in the world market for

footwear, textiles, electronic products, and motor vehicles are significantly less expensive than comparable Western products.

Large monopolies have formed in the Asian NIS's which rival the leading Western transnational corporations in export of industrial output. For example, the South Korean companies Samsung, Hyundai, Tevu and Laki Goldstar are achieving worldwide reputations similar to the Japanese companies Soni, Mitsubishi, Toyota, and others.

### **What Has Brought about the 'Asian Miracle'?**

The swift foreign economic growth of the Asian NIS's has forced us to take a new look at the achievements of these countries. As a result the word "miracle" has appeared in the vocabulary of journalists and economists. And the "Asian economic miracle" proved completely unexpected for Soviet readers because until very recently it was not customary to write about these countries.

The at first glance unique economic achievements of the Asian NIS's fit into the general laws of functioning of economic formations. The swift rise of these countries is a result of choosing a long-term economic strategy and the ability to absorb scientific-technical advances and create their own spheres of superiority in primary areas of international exchange.

The general developmental strategy of the Asian NIS's is founded on the Western model of an open market economy based on private property and the laws of free enterprise with government regulation.

Foreign capital has played an important part in accelerating the industrial development of the NIS's. Unlike the other developing nations, the Asian NIS's were able to make effective use of foreign investment and those advantages which transnational corporations have to accelerate economic development.

### **Science Is the Main Thing**

An important factor supporting the high rates of economic growth of the NIS's in recent years has been improvement of their scientific-technical potential.

For example, the South Korean Government has developed a plan for development of science-intensive sectors in 1990-1994 and appropriated 38.8 billion dollars to carry it out. If it is successfully realized, by the mid-1990's those sectors which use advanced technology will account for 24.4 percent of all South Korean manufacturing export.

Most of the NIS's are using a "selective" strategy of developing scientific-technical potential in which practical results are achieved by concentrating all resources in the key areas. As a rule these are microelectronics, bioengineering, genetic engineering, precision chemistry and others.

South Korea, Taiwan, Singapore, and Hong Kong have begun to implement programs to build technopolises—cities of advanced technology, scientific research, and experimental design work.

Despite the successes of the NIS's in development of science and technology, however, these countries still occupy a peripheral position in relation to the industrially developed countries. But it is not impossible that the Asian NIS's will break through to become world leaders of scientific-technical progress in particular areas.

In the near future some of these countries will join the club of industrially developed nations. In particular, the South Korean Government plans in 1992 to become a member of the Organization for Economic Cooperation and Development, to which 26 industrially developed capitalist countries belong.

This will be the first case in world history where a country has moved from the status of developing to industrially developed nation. And even though there are a number of objective difficulties and obstacles on this path for the other Asian NIS's, these processes are irreversible.

Speaking figuratively, the NIS's are the natural children of the industrially developed nations, the ones who grew faster than their siblings, the other developing countries. In a relatively short period of history they "grew up" and are becoming full-fledged members of the family of industrially developed nations.

### **Obstacles to Joint Soviet-Mongolian Economic Projects Described**

90UF0193A Moscow PRAVDA in Russian 26 May 90  
Second Edition p 5

[Article by PRAVDA staff correspondent V. Sapov and Deputy Secretary of the Party Committee of Party Organizations of Soviet Offices in the Mongolian People's Republic datelined Ulan-Bator, May: "Staff for Foreign Work"]

[Text] Until recently, this topic was a taboo for our press. Hiding behind commercial secrecy, ministries and departments kept the structure of foreign representative offices secret, and were reluctant to show their cards. However, the shroud of secrecy concealed disruptions in economic cooperation, the incidence of mismanagement, wastefulness, and violations of discipline.

As they say, everything flows, everything changes. USSR Deputy Commercial Representative in the MPR [Mongolian People's Republic] A. Kuzin began our conversation with a reassessment of the cadre policy.

He said: "At present, there are 17 different representative offices in Mongolia. The community of Soviet specialists together with family members numbers close to 50,000."

PRAVDA has already reported on problems associated with the utilization of their labor. There are many shortcomings in this matter. The gross approach to detailing people, that is, an effort to only meet requests in terms of numbers, is the main reason. Indeed, some ministries and departments began to approach the recruiting of staff for work abroad in an excessively simplified manner. This shortcoming is particularly pronounced in the RSFSR [Russian Soviet Federated Socialist Republic] Minyugstroy [Ministry of Construction in the Southern Regions of the USSR], the Minenergo [Ministry of Power and Electrification], the Mingeo [Ministry of Geology], and the USSR Minmetallurgii [Ministry of Metallurgy].

By now, it is common knowledge that maintaining such an army of "experts" in Mongolia costs money. After all, expenditures for maintaining social, cultural, and service facilities for the Soviet community alone come to between 85 and 90 million rubles per year. This is included in the cost of facilities under construction. Therefore, it places a burden on the economy of the MPR.

The partners have come to an agreement on transferring general-construction trusts to the Mongolian side within two years to come on the terms of technical assistance. The development of indigenous cadres has been proceeding purposefully.

Of course, all processes need to be steered, and the selection of cadres even more so. However, it is one thing to fill in an exemplary manner a request for detailing a specialist, and it is quite another to create proper conditions for his work abroad. Thus, the absence of specifics in contractual obligations affects the efficiency of work of Soviet specialists. At present, this situation is being ameliorated.

There are many other opportunities for improving the efficiency of economic cooperation, primarily in the management sphere.

Let us look at the construction personnel. The management structure of the RSFSR Minyugstroy in the Mongolian sector is so cumbersome that it is easy to get lost in its mazes. On the average, there are only six to seven workers here for every management employee. However, the trusts do not have a right to change the structure and staff organization.

Chief of the Medmolibdenstroy Association L. Kata-mandov said: "Give us complete independence, and we will turn the construction industry around. We do not take part in the signing of economic contracts. Plans are drawn up without us. We do not settle with the customers. What kind of independence is it?"

This is not an isolated opinion. Apparently, it is necessary to break down the existing structure altogether, leaving to the subdivisions in Moscow the functions of brokerage and representation of economically-accountable construction organizations in the MPR. Let them coordinate plan

numbers, approach on their behalf the banks, the Ingosstrakh [USSR Joint-Stock Insurance Company of the Main Foreign Insurance Administration of the USSR Ministry of Finance], arbitration bodies, and so on. The ministry should be given the right to sign construction contracts directly.

To our mind, the idea of the USSR Promstroybank [Industrial Construction Bank] to set up a territorial design-and-construction association based on the Vostoksibstroy in Irkutsk merits attention. With powerful production facilities, a subcontracting trust, and repair plants available to it, it could reassign staff, construction machinery, and the capacity of the construction industry. Design organizations which are closely familiar with conditions in the region would be utilized more completely.

We are discussing it in such detail because the MPR is apparently going to be interested in the presence of some Soviet trusts in the future as well. In turn, they should build only production facilities and large civilian structures. As far as the construction of less complicated facilities is concerned, which the Soviet organizations used to do, it is hardly justified.

The system of management should be changed not only in general contracting but also in the organization of technical assistance. This primarily involves the agro-industrial complex cooperation in which has been acknowledged to be a priority. Thirty-two agricultural enterprises and other facilities of the agricultural sector, including the processing industry, have been built in the MPR with the aid of the USSR and are in operation. They account for 20 percent of the output of this sector. The Soviet specialists are still used inefficiently, despite their staff dropping from 600 to 140. A large share of the specialists assigned remain in the offices. At present, only 37 people work on the state farms; out of those, heating equipment specialists, diesel engine mechanics, plumbers, and assembly workers account for 40 percent.

The institution of representative offices of Soviet ministries and departments in the MPR has clearly outlived its usefulness. They literally generate "a storm" of paper work, but numerous plans and measures have no legal foundation and do not insure returns. It is no accident that "numbers two" have become the subject of criticism by the Mongolian public.

Our Mongolian interlocutors told us: "If our ministers cannot work independently, without consultants, why should they not yield their positions to others?"

The apparatus of the office of the USSR commercial representative in the MPR is in need of a serious restructuring. It strikes one how cumbersome it is. There are seven deputies alone in this office, though a number of their responsibilities could be reassigned to department heads, experts, or senior engineers with ease. Duplication and parallel work of the representatives of associations of the Ministry of Foreign Economic Relations have not been eliminated. They have virtually no

influence on the state of affairs at cooperation facilities and merely perform certain duties of a commercial nature.

The unjustifiably high turnover of the management cadres gives rise to concern. There is no way to attribute to business considerations the fact that in the last three years three trade representatives have been appointed to the MPR. For three years, there was no curator in the priority agricultural sector.

There is no doubt about good prospects for Soviet-Mongolian cooperation. In the course of the recent working visit of Chairman of the Presidium of the MPR People's Great Hural P. Ochirbat and Chairman of the MPRP [Mongolian People's Revolutionary Party] Central Committee G. Ochirbat, it was noted, among other things, that perestroika processes in the two friendly countries should make the nature of their mutual relations more mature. The unanimous opinion of the Soviet and Mongolian leaders was that it is necessary to solve the accumulated problems without delay and reasonably.

#### **Journalist Scrutinizes Singapore's 'Economic Miracle'**

90UF0171A Moscow ZA RUBEZHOM in Russian  
No 15, 06-12 Apr 90 pp 12-13

[Excerpts from article by Nikolay Paklin (born 1935), international affairs journalist, candidate in historical sciences, IZVESTIYA correspondent to the countries of South Asia: "Singapore: The Components of the Economic Miracle"]

[Excerpts] Singapore today is an industrially developed country, one of the leading international financial centers. G.-R. Shoba, branch director of one of the Swiss banks in Singapore, compares the island republic with his own mountainous country. "Singapore is south-eastern Switzerland", he assures us. In 1987 there were 230 financial institutions registered on the island. These were primarily branches of foreign banks, but there were also local ones.

Singapore is a major seaport. Every year over 30,000 vessels tie up at its docks, bearing the flags of tens of countries, including the Soviet Union's. The port's cargo handling operations are approaching the level of 200 million tons.

The well-being of the Singapore residents is evidenced by the high per capita income: 9,000 American dollars per year. For comparison we will recall that in many countries of Asia the per capita income comprises several hundred dollars. The wages here are higher than in South Korea or Taiwan, not to mention the neighboring countries.

While in Singapore, I constantly asked myself the same question: Why has this country been able to surge ahead



in such a short period of time, while other Asian states, as before, remain weakly developed and wallow in poverty?

### Everyone Prays to His Own God

"What is the secret of Singapore's miracle?", I asked Singapore's Prime Minister Lee Kuan Yew, who had agreed to grant me an interview. A graduate of Cambridge, he had gained popularity in the country first as a trade union leader. Since 1959 he had been the permanent head of the Singapore government. The prime minister smiled:

"There is no secret. It is simply that we have used the capacities given to us to the maximal degree..."

"Perhaps the secret is that we work a lot, even on Sundays," a Singapore construction engineer responded to my same question. "Before we lived in poverty. We do not want to return to the past."

An important factor facilitating the strengthening of trust in Singapore is the domestic peace which has been established in the country. According to the data of the Singapore annual, in the last 11 years the local workers went on strike only once. That was in 1986. The government itself ensures peace in the country, acting in the role of a court of arbitration between the trade unions and the entrepreneurs. When the trade union believes that the rights of the workers are being infringed upon, it turns not to the owners, but to the government, which has a ministry of labor. The conflict is thoroughly reviewed. If it is determined that the trade union is right, the government is in a position to put pressure on the entrepreneurs and to force them to accept the demands presented by the workers. The Singapore state administration has high authority. The parties have no doubt that the decision is unbiased. I have often had occasion to hear kind words about the local officials.

The class world here is augmented also by the ethnic, although the island's population consists of representatives of different racial groups. Most of them come from China—77 percent, and Malaysia—15 percent. Indians, whose statistics include those from Bangladesh and Sri Lanka, comprise 6 percent. There are also representatives of other nationalities, and quite a few Europeans. Altogether the island's population numbers 2.6 million people, and its growth rate is slow. It seems that the basis of the national harmony is primarily its material well-being. In former times, when Singapore residents lived in poverty, there were often clashes between the representatives of different nationalities.

Yet what occurred first—national harmony or economic flourishing, is just as hard to tell as it is to answer the question of what came first—the chicken or the egg?

Of course, the prudent policy of the government is also apparent. Along with English, Chinese, Malaysian and Tamil have been proclaimed as the official languages. Everyone may worship his own God, celebrate his own

holidays, and follow his own customs. All together the Singapore residents care about the present and future of their common homeland. This concern is what unites the people.

We had a detailed discussion at the Administration for Economic Development about the road which Singapore followed in order to arrive at its current success. This Administration is located in a skyscraper which bears the name of the city's founder, Sir Thomas Raffles.

"I still have the impression that when we gained independence, we did not know where to begin," said Ong Chong Hua, the director of the press communications section. "The island is tiny. It has no natural resources, and there is nothing by which to employ the people. The British military base provided a certain income. However, this income was unreliable. The government announced a course toward industrialization. First we began ordering production of those goods which we had to import at that time: Furniture, food products, electrical lamps, and such things. We tried to attract foreign capital, and political strikes began. But what entrepreneur would invest his money in the economy of a country with neverending strikes! Fortunately for us, clever politicians stood at the head of the young republic. They saw the problem, it seems, even before it had arisen. Legislation was developed in Singapore which regulated the relations between the authorities, the trade unions and the entrepreneurs. It specified everything down to the smallest detail, so that no misunderstandings would arise. The new laws calmed the worried minds..."

### So What is the Secret?

As in a number of other Asian countries, enterprises for the manufacture of semiconductors were created in Singapore in the 60's. The world energy crisis which had developed in the 70's also "helped" the country's industry. Many transnational corporations operating in Japan, South Korea and Hong Kong hurriedly began transferring their capital to Singapore. Why? At that time the wages on the island were lower than in the above-mentioned countries. Yet petroleum products cost the same. The companies, who were forced to overpay everywhere for oil, tried to economize on the workers. An industrial boom began in the republic, and wages crept upward. Their growth comprised 10 or more percent a year. Under such conditions, it became expedient for the companies to introduce automatics and computers, which led to an economy of the wage fund. The economic laws operated effectively.

However, the growth of wages entailed a rise in the cost of services. There was an "overheating" of the economy. In 1985, Singapore entered a period of stagnation, which coincided with the difficulties in the world economy. Local firms began to develop capital-intensive production which required skilled workers—electronics and electrotechnology, optics, biotechnology and automatics. The measures which had been taken in a timely manner

yielded results. Already in 1987 the stagnation had been overcome. Again the Singapore economy, using foreign licenses, surged ahead full sail. In 1988 the rate of economic growth comprised 11 percent. It remained about the same also in 1989. The computers assembled in Singapore, the compact disks and other modern electronics goods are in great demand throughout the world.

Quite recently, many economists questioned the capacities of Singapore's industry. One of their arguments was that the country lives primarily not by export of its own products, but by re-export of foreign products. Now it is believed that this argument is no longer valid, since already in 1987 Singapore sold its own goods abroad for 39 billion Singapore dollars, while its re-export comprised only 21 billion (Singapore dollars—approximately 0.51 American). Foreign trade is the most basic of basics in the Singapore economy, and the basis of the island republic's well-being. It may be used to judge how things are going in the country. In 1988 foreign trade increased by 30 percent all at once, reaching 167 billion Singapore dollars. Moreover, the growth of export somewhat surpassed the growth of import.

"The problem of foreign debt does not exist for Singapore for the simple reason that we have no such debt," said Ong Chung Hua. "The country has a positive balance of payments. We also receive no foreign aid. We have a solid currency reserve: 33 billion Singapore dollars. This is our state reserve, which we keep abroad. It may be spent only in specific cases with the permission of the country's president."

"So what, then, is the secret of Singapore's miracle?", I asked my fellow conversationalist.

"I believe that it lies in the continuous orientation toward a free market and liberalization in all spheres of economic activity: Trade, finance, and production. Capital may be brought in and out freely. There are no quotas and no limitations. Our authorities do not control the foreign financial operations of banks. The capital which is brought in is not taxed until it is put into operation. Confidentiality in banking is just as strict here as in Switzerland. That is why money pours into Singapore banks from all of Asia. Another reason for our success is world trust in the Singapore dollar. This is a hard currency, although it is not an international one. The Singapore dollar is secured with gold 6 times over. It is freely exchanged for American dollars, British pounds, West German marks, or Japanese yen.

#### A Lesson in Political Economics

The policy of liberalization of economic ties includes also the creation of a "free trade zone". It includes the Singapore seaport and part of Changi airport set aside for transport aviation. The goods brought into the "free trade zone" are not levied with customs tariffs. Production may be set up in this zone, and all the products intended for export. And do you know how much time

usually passes from the moment the application is filed until the enterprise is placed into operation? 60 days! Export products are taken out without any limitations, with adherence to minimal customs formalities. Documentation is also extremely simplified. Many transnational corporations eagerly use the services of the "free trade zone".

"It turns out that in Singapore there is full freedom for entrepreneurship activity?", I ask Sergey Borisovich Ksenofontov, representative of the 1st Moscow Watch-making Plant, who heads up the first "plant" Soviet-Singapore mixed company "Polet-Eysha".

"How shall I put it?", he answers. "We, for example, have received permission from the Singapore authorities to open our company under the condition that in the third control year of our operation our trade turnover will comprise at least 40 million Singapore dollars. If the turnover is less than that, the authorities will decide whether or not the continued functioning of our company in Singapore is expedient. Here they have no pity for the poor—the fat from them is not great. The Singapore authorities encourage business, but it is certainly not left to itself. Profits taken out of the country are taxed at a rate of 19 percent. In my opinion, Singapore has found the happy medium between economic freedom and state regulation..."

"Does your economy have any weak aspects?", I asked the managers of the Singapore trade company "Intrako".

"Of course it does," answered the head of the executive council, Tyen Seng Chong. "We depend greatly on the state of the world economy, with which we are tied by thousands of threads. If the Americans or Japanese do not buy our products, the Singapore economy will roll into the abyss.

#### "Confrontation Benefits No One"

From a long conversation with Singapore's Minister of Foreign Affairs Wong Kan Seng, I became convinced that the foreign policy of the island state is determined primarily by its economic interests.

"The basis of Singapore's foreign policy is the desire for friendship with all countries," said Wong Kan Seng. "As you know, we are a trade nation. And trade is unthinkable without friendship, mutual respect, and the recognition of the sovereign rights and interests of other peoples not merely in word, but in deed. I will say frankly: We did not come to such an understanding of foreign policy right away. At first Singapore, together with Malaysia, conducted a policy of opposition with its neighbors, primarily with Indonesia. Yet soon we became convinced that confrontation is of no benefit to anyone. Moreover, it is harmful, since it detracts the forces and the funds which are so necessary for development. Independent Singapore firmly embarked upon the path of peace, friendship, and cooperation with all countries. In the summer of 1967, Singapore, Malaysia, Thailand, Indonesia and the Philippines created the

Association of Southeast Asian Nations (ASEAN). Its task includes not only the ordering of regional economic cooperation, but also the protection of the interests of its members against the pressure of other economic forces acting in Europe, America, and Japan. We are deeply convinced that international organizations, and primarily the UN, play an important role in maintaining peace and developing all types of international cooperation. It is understandable that without peace there cannot be trade or economic interaction. We have the impression that other countries have evaluated Singapore's foreign policy in the world, and that they believe in the sincerity of our intentions. Businessmen from all over the world have come to us, and branches of many transnational companies have established themselves on our land."

"And how do you view the development of relations between Singapore and the Soviet Union?"

"There has been a decline in Singapore-Soviet relations in 1978-1979. This was caused by the events in Cambodia and Afghanistan. Today our relations are rapidly improving. Evidence of this may be seen in the mutual visits of various delegations, including also at the governmental level. The possibilities for cooperation in the sphere of economics are broad for us," continued the minister. "Our businessmen would like to conduct dealings with the Soviet Union, and Singapore banks are ready to provide the credits for this. However, the money which is invested must, of course, bring profits. We do not see any obstacles to Soviet investments in Singapore. I know that recently many Singapore businessmen have visited your country. However, the volume of trade is still insignificant."

Let us try to explain what remains outside the parentheses of the diplomatic statements of Wong Kan Seng regarding the character of our economic relations.

The volume of Soviet-Singapore trade in 1989 comprised 110 million rubles. This is a mere trifle as compared with the overall foreign trade turnover of both countries.

#### That Is Not How Things Are Done

Yet perhaps economic relations with Singapore are of little interest to us?

"Certainly not," believes the USSR ambassador to Singapore, A. M. Dryukov. "This sphere of interaction is extremely promising. Singapore, encountering customs barriers and trade protectionism in the West and in Japan, is seeking new markets for its goods and capital. Singapore businessmen are hopefully eyeing the market of the Soviet Union and the countries of Eastern Europe. They are interested in our Far East and Siberia. I might add that soon the Aeroflot line Khabarovsk-Singapore will become operational. This will be the first aerial "branch" between our Far Eastern region and Southeast Asia. Its opening is being welcomed here. Singapore entrepreneurs have a broad set of proposals. However, we are not always ready for response decisions. The

delays and bureaucratic hold-ups are our problem. Our producers have not yet gotten a taste of foreign economic activity, nor do they feel the need for it, since they do not feel its results. Today we are trying to introduce Singapore businessmen directly to the enterprises of Kazakhstan, Altay, and the Far East. I hope that this will give more specific content to our economic cooperation."

The leaders of the USSR Trade Delegation are unanimous in their opinion that Singapore is an interesting partner. Much of what we need we may buy in this city-state, which has created the most current sectors of industry. So I was told at the Trade Delegation. Singapore, in turn, is also interested in a number of our goods, primarily raw materials. We cannot forget too that this is also a market filled with capital. Singapore financiers are seeking opportunities for finding profitable application for this capital. We, in turn, are in dire need of capital. And one more thing: Singapore is the key to all of Southeast Asia. Turn it—and the doors to the markets of other countries will open.

Yet this key is turning slowly, with a squeak. Here is what they told me in the Trade Delegation:

"Back in 1987 we discussed with several Singapore firms the possibility of creating mixed enterprises in our country. We sent detailed information on this, as required, to what was then the USSR Ministry of Foreign Trade. After some time, we received an answer from them: We are working on it. Then another answer: The ministries are not interested in your proposals. They did not explain why. The idea was cut off at the root."

In a number of cases, ideas gave roots, but bore no specific fruit.

Here is "a classical example of bureaucratic red tape". At the Trade Delegation they recounted to me the story of the project for building a large factory for noodle production. Singapore presented the project and reported that the factory would be built in 2 years. Here they grabbed onto the proposal and... spent 1 1/2 years looking for a site for the future enterprise. During this time they managed to sign 10 protocols of intent. One after another, our delegations flew to Singapore to conduct negotiations. But that is as far as it went.

"Ninety-five percent of our delegations who come to Singapore on questions of economic cooperation are fruitless," says one of the Trade Delegation associates frankly. "The people who come are unprepared. They spend all their time defining intentions. They talk awhile, they go away and they forget the matter. Such tourist trips are costing our country a pretty penny. No, that is not how things are done," he concluded.

Here is another example. We succeeded in entering the Singapore market with our machine tools. We sell them for 7,000 American dollars each. The Singapore mediator firms equip them electronic equipment, which costs 2,000 dollars. After that the market price of the machine tool jumps to 27,000 dollars. Yet perhaps we should

supply the machine tools with such equipment in our own country, say, on a share basis with those same Singapore firms?

We began supplying the "Lada" automobiles to Singapore. We sell them cheaper than the cost of the South Korean automobiles of similar class. Yet how can we sell them for more if in Singapore they "fix up" our cars by 40 percent of their import cost? They make a hefty profit on the "fix-up". Yet don't they know in our VAZ [Volga Automobile Plant] that cars going to tropical countries must be equipped with air conditioners instead of heaters?

The chronic shortage of spare parts for the "Lada" has already become the talk of the town not only in our own country, but also in those to which we deliver our automobiles.

Things are going slowly with the creation of mixed enterprises. I had occasion to be present at the opening

ceremony of the Soviet-Singapore shareholding society "Prodintern-Singapore". The report issued to journalists stated that the primary sphere of activity was export of Tibetan medicine and various raw materials as well as other goods and materials from the USSR, and the import of edible vegetable oils, consumer goods and other goods from Singapore. I was curious about what the term "Tibetan medicine" referred to. It turned out that this was the horn of the Saiga, velvet antlers, and ginseng. Yet what is the relative share of machines and equipment in our export to Singapore? Ten percent! Well, antlers are goods too.

...The coming 21st century is often called the "Pacific Ocean" century. This assumes that it is specifically the countries of Asia related to this region who will play the leading role in the economic development of the world. The island Republic of Singapore occupies a worthy place among them.



**Ambassador V. Popov on Yemen Reunification, Relations with YAR**

90UF0233A Moscow MEZHDUNARODNAYA ZHIZN  
in Russian No 6, Jun 90 [Signed to press 23 May 90]  
pp 65-72]

[Article by Veniamin Viktorovich Popov, USSR ambassador to the Yemen Arab Republic: "On the Very South of the Arabian Peninsula"]

[Text] Veniamin Viktorovich Popov has been USSR Ambassador Extraordinary and Plenipotentiary in the Yemen Arab Republic since 1986 and is a candidate of historical sciences.

When this issue was being made up, the new unified Yemen Republic was formed on 22 May as a result of the reunification of the two Yemen states—the Yemen Arab Republic (YAR) and the People's Democratic Republic of Yemen (PDRY). The head of the new state—A.A. Salih—and the presidential council have been elected, and the composition of the government has been announced.

Our embassy remains in Sanaa, and the USSR Consulate-General will operate in the capital of the PDRY.

As in any country, the work of the ambassador in the YAR involves many plans, is diverse, and it is rather difficult to reduce it to some strictly defined list of duties. Besides the generally accepted functions and planned affairs, there invariably appears a mass of unexpected, unusual problems, including those associated with the specific conditions and historical, ethnographic, and other peculiarities of Yemen. Naturally, at the center of attention are questions of Soviet-North Yemeni relations. They are traditionally friendly in nature and encompass a wide spectrum of directions. Based on a commonality of interests and mutual trust, political cooperation between our countries also includes an exchange of opinions on timely international issues, as well as coordination of our positions and diplomatic consultations both on regional situations and on many worldwide matters. The exchange of delegations between our states is extensive. President A.A. Salih of the Yemen Arab Republic has twice made official visits to our country. Two years ago contacts between the CPSU and the General People's Congress of the YAR were established for the first time.

The Soviet colony in the YAR numbers approximately 1,500 people. These are physicians and nurses, cement workers and dock workers, dam designers and electrical engineers, and military specialists. They are concentrated not only in the capital of Sanaa, but also in seven cities and populated areas of North Yemen. Ensuring their normal work and life also requires certain efforts, not just attention. And the range of issues here is quite diverse—from providing each Soviet family an air conditioner in the port city of Hodeida, where the temperature reaches 50 degrees in the summer with 100 percent humidity, to ensuring the safety of the Soviet embassy. There are extremist forces in North Yemen, although not

many, who are not pleased with the development of Soviet-North Yemeni relations. We have encountered instances in which there were attempts on their part to make provocations.

The distinctive quality of the historical stage being experienced by North Yemen lies in the fact that in implementing the course toward creating a centralized modern state, the country's leadership has to overcome the age-old omnipotence of the tribal sheiks and inter-tribal strife. It happens that one or another tribe, in an attempt to get social or economic privileges from the government (continue a road, dig an artesian well, etc.), and sometimes simply to demonstrate dissatisfaction with the actions of the central authority, takes foreign citizens hostage. As a rule, these incidents end quickly and without particular excesses. However, just being held captive at gunpoint is not very pleasant. Some Soviet citizens also have not escaped such a fate. Of course, urgent measures were taken by the USSR embassy for their release. So, in this respect the purely diplomatic work in the YAR probably has its own specific nature compared with developed capitalist countries, as does the country itself, naturally. This specific nature lies in the fact that the state with a population of 10 million on the southwest of the Arabian Peninsula, unlike all other Arab countries (other than Saudi Arabia), has virtually never been a colony. At the same time, the long domination of imam kings in Yemen who practiced Zaidism (a branch of Shiism) and who actually isolated the country from the outside world, resulted in preserving backwardness: it is as if the country stopped in development several centuries ago. Tribal relations dominated before the revolution in 1962, which put an end to the monarchical regime (the country has more than 200 relatively large tribes whose sheiks played an important role in regulating the life of all the rest of the population). Therefore, the revolution was a sort of watershed in the history of Yemen, opening up this country to the modern world. The Yemenis themselves say that their homeland is quickly moving from the 10th to the 20th century. In almost 28 years of revolutionary development they have made a tremendous journey, perhaps equal to centuries. Today the process of creating a unified centralized state is being accomplished. In recent years, steps were taken to complete its constitutional structure: in 1988, for example, open free elections to the country's parliament were held for the first time; in the early 1980s a unified political organization was formed—the General People's Congress—which accomplishes the task of political enlightenment of the people. In addition, they are building roads, irrigation systems, and various social facilities—schools, hospitals, outpatient clinics. The country is coming out of the Middle Ages, and special attention here is being given to education and enlightenment, for more than half of the population of North Yemen still remains illiterate. Priority in the economy is given to agriculture. In 1984, imports of fruits and vegetables were banned in order to revive this traditional type of employment for the population. Now, only 6 years later,

the country is self-sufficient in the main types of fruits and vegetables and is setting a goal of becoming completely self-sufficient in food in the early 1990s. Industry is taking its first steps in the YAR, for the time being mainly light and food industry. In 1984, oil was discovered in the country, and today about 10 million tons are produced each year. In this regard, they hope that in 1991 the country will leave the "club" of the least developed countries of the world.

Islam is the official religion in the country, and its influence is quite great. In justice, for example, they still use the norms of the Sharia—Moslem law (for murder—inevitably loss of life by execution by a firing squad, and quite recently by chopping off the head; for stealing—chopping off of a hand).

The YAR is rapidly integrating into the international community; in so doing, paramount importance is being given to developing ties with the Arab world. In 1989, North Yemen, along with Egypt, Iraq, and Jordan, became a founder of a new grouping on the Arabian Peninsula—the Arab Council of Cooperation.

I would like to dwell in more detail on a topic which will clearly show how important true professionalism is in diplomatic work, that is, the importance of the history, the traditions of the region, and the specific peculiarities of this country, of course, in addition to the pressing international and regional problems. This is one exceptionally important problems of Yemeni unity that has recently taken on dynamism and urgency, or speaking in more concrete terms, the possibility of some kind of union of the two Yemeni states—the Yemeni Arab Republic and the People's Democratic Republic of Yemen.

For thousands of years Yemen was a single whole, although there were periods when separate, interlinked, political conglomerations existed on its territory. Incidentally, one of the most well-known of these formations to the average reader was the Sabaean kingdom, where the Queen of Sheba reigned, cloaked in secrecy and legends. Caravan routes ran from the north to the south of Yemen, and "road of incense," known throughout the East, passed through here. The fertile areas located on the territories of present-day North and South Yemen adjacent to the trade routes were named "Arabia Felix."

The British, who captured Aden in 1839 and later turned it into one of their main naval and air bases, whose mission was to protect imperial lines of communication, repeatedly tried, even using aviation, to subordinate the northern region of Yemen. However, the inaccessible mountains and the strikingly stubborn resistance of the tribes that inhabited them forced the British colonizers to abandon this venture (it is noteworthy that the Turkish conquerors also were unable to cope with this mountainous territory). Later, operating under the formula of "divide and conquer," the British drew a boundary between North and South Yemen, which the Yemenis to this day call "imaginary" (incidentally, maps

were published in London which indicated this boundary differently). However, the British plan to split Yemen forever, sow hostility and mistrust, and break the close bonds that had united the country since time immemorial failed. Ties between the two parts of Yemen were not broken. There is good reason the Yemenis in the North and South always say that they are one people, one family. Having worked in both countries and having become familiar with their history, frame of mind, and thoughts, I can agree that this is indeed the case. Yemenis in the North and South are linked not only by geographic commonality, language, customs, and traditions, although they differ, like in any country, from region to region. Virtually every northerner has relatives in the South, and vice versa. Close trade and economic ties are also maintained. It sometimes comes down to curious occurrences: for example, the minister of agriculture in the YAR is a southerner; in the PDRY he is a northerner.

After the overthrow of the monarchical regime in North Yemen in 1962 and the departure of the British and the proclamation of independence in South Yemen in 1967, there began in both countries a movement for reunification, as they call and perceive it here, of the two parts of the homeland. In the 1970s, a mechanism for preparing this process began to take shape: inter-Yemeni committees were set up—there are now nine of them; meetings were held at various levels, including at the highest level; a declaration was adopted; and a draft constitution of a united Yemeni state was drawn up in 1981. This process proceeded with difficulty and painfully, although unity of Yemen was proclaimed as one of the most important goals of the revolution both in the North and South and was recorded as the main task in the program, party, and state documents of both states. The difficulties that predetermined the protracted nature and painfulness of the unionist efforts are linked to a whole series of factors. As we know, the social and political development of North and South Yemen followed different paths. There are considerable differences in the structure of their economies and in social and cultural levels. This paved the way for conflicts and disagreements, which external forces often exploited, considering it not to their advantage to have Yemen become a unified, modern, strong state.

Relations between the YAR and the PDRY did not always develop simply and evenly: periods of peaceful coexistence alternated with periods of tension based on mutual suspiciousness, which grew into armed conflicts in 1972 and 1979. In 1989, border squabbles, which were threatening to develop into a military clash, were able to be averted thanks to agreements reached in Sanaa as a result of common sense and state wisdom demonstrated by the leadership of both countries.

A year and a half later, at the next meeting of the leaders of the YAR and the PDRY on 30 November 1989 in Aden, a document was signed approving the draft constitution of the unified state and submitting it a referendum within 1 year. The work of the inter-Yemeni

commissions on unity intensified, even those that had not met for years. In a speech at a rally of many thousands of people, A.S. al-Bid, secretary general of the Yemeni Socialist Party Central Committee, who visited the capital of the YAR, Sanaa, at the end of December 1989, called for actions "in the name of a unified democratic Yemen, which, we hope, will be created in 1990." And quite recently, in early May, a meeting took place between representatives of the YAR and the PDRY under the leadership of the prime ministers of these countries, A.A. Abd al-Ghani and Y.S. Numan. Commenting on this event and also on the work of other joint commissions, the newspaper SITTA WA ISHRIN SEPTEMBER wrote that a united "Yemen Republic" would be proclaimed "very soon." Quoting well-informed sources, the newspaper emphasized that practical decisions were made concerning this at the joint meeting of the all-Yemeni political leadership.

Of course, the path towards unification of the two Yemeni states is not a simple one: it cannot avoid recoils, zigzags, and digressions. Although the slogan of unity is dear to every Yemeni, in the South and North, there undoubtedly are those who see its implementation as a danger to their own interests. One must clearly realize that, in the final analysis, it is a matter of a free, democratic choice of the Yemeni people. Only they can determine their own destiny.

And here, on the south of the Arabian Peninsula far from the Soviet Union, the interdependence and integrity of our contradictory world are felt. The new positive changes in the world arena and the spirit of mutual understanding and agreement could not help but affect the situation in the two Yemeni states. There is good reason that the people with whom we spoke emphasize that the process that has begun of bringing North and South Yemen together is largely taking place under the influence of the profound positive changes in the international atmosphere begun by Soviet leader M.S. Gorbachev. The new thinking is making its way here in the Arab region, too. Real evidence of this was the signing in December 1989 of the agreement between an inter-Yemeni oil company and a consortium of six companies—two Soviet, two American, one French, and one Kuwaiti company for conducting oil exploration work in the neutral zone between the YAR and the PDRY. Thus the spirit of cooperation between the states with different political systems, that is, of the East and West, is also bearing tangible fruits for the developing countries. This agreement, in addition to everything else, is an important element of the inter-Yemeni integration process, for joint economic activity creates a solid base for coordination and then pooling of efforts in all other areas.

The USSR's relations with North Yemen are undoubtedly one of the most interesting pages of history of our states. North Yemen was the first Arab country with which we signed a Treaty of Friendship and Trade more than 60 years ago. The foundation for good relations between our peoples was laid at that time. During the

civil war that was begun by the monarchists after the revolution on 26 September in Yemen, support and assistance from the Soviet Union, along with Egypt, played an important role in the fact that the young republic was able to hold out and win. Later the Soviet Union and the YAR concluded three more treaties, the last in 1984. The cooperation between our two countries that began back before the Yemeni revolution in 1962 has developed noticeably. We provided North Yemen assistance in constructing a number of economic projects that were important for this country, granting credits for this purpose in an amount just over 100 million rubles, one-third of which has already been repaid. The projects which were constructed with the help of the Soviet Union are operating profitably. These include the port of Hodeida, a cement plant in Bajil, an agricultural farm in Sardud, and others.

In this connection, one must also mention those Soviet people who were here first and laid the foundation of relations of the young Soviet state with this country, and actually with the Arab world. I would like above all to mention our Ambassador in Yemen, Kerim Abdraufovich Khakimov. This was a convincingly talented person, as they say, with a spark. A fiery revolutionary, a sincere patriot and internationalist, he selflessly devoted his entire life to serving the people and always remained crystal pure, honest, and modest. One can indeed draw the image of a communist warrior from such people.

The son of a Bashkir peasant, Kerim Khakimov began his working life at the age of 12, when he was sent to a neighboring landowner as a farm hand. From that time on he earned his own living by heavy work. But no matter where his destiny took him, since he was very young he was always an avid reader and always studied: first in the Moslem religious school, then in Russian school, in circles, in courses, then at the Orenburg University, and still later at the Institute of Red Professorship.

He perceived the October Revolution as his personal cause and without hesitation took up its cause: he fought the White Cossacks that were active in the Urals and the bands of Ataman Dutov; participated in creating Moslem units in the Red Army; participated in the Moslem Military Revolutionary Committee; worked as a provincial commissar of public education, secretary of the Turkestan and then the Bukhara Communist Party Central Committee and as envoy plenipotentiary of the RSFSR in the Bukhara Soviet Republic... His fearlessness and courage were legendary; people valued him for his kindness and decency in the most profound understanding of the word. He also was a splendid orator and brilliantly won polemical battles with an experienced political opponent.

When the Civil War ended, K.A. Khakimov was appointed first consul-general of the RSFSR to Meshed (Persia), then to Rasht, and later to the Joint Soviet-Persian Border Commission. In 1921 he was sent to Arabia and presented his credentials as the official



representative of the USSR in the kingdom of Hijaz. Unexpected events were beginning to unfold on the Arabian Peninsula during this time: the ambitious and strong-willed ruler Sultanate Nejd, Abd al-Aziz, annexed Hijaz and in January 1926 proclaims himself king of this entire state, which in 1932 began to be called the Kingdom of Saudi Arabia. It is not known how our relations with the kingdom would have developed if not for the personal courage of Khakimov, his habit of placing the country's interests above all else, and his unerring intuition based on knowledge and experience. On the night of 16 February 1926, ignoring the danger, Khakimov arrived at the headquarters of King Abd al-Aziz in the desert to deliver a note on his recognition by the Soviet Union. The USSR thus became the first country to recognize the young Saudi state.

Later on, K.A. Khakimov was appointed ambassador to the neighboring kingdom—Yemen.

It is hard to overestimate what this man did as a diplomat, as a representative of our country. It was to a considerable extent namely as a result of his personal contribution that the foundation was laid for the relations of the young Soviet state with the Arab world. Saudi Arabia and Yemen at that time were the only independent Arab countries.

Thanks to his profound knowledge of the history, traditions, and customs of the Arabs, his unusual tact, and ability to win over people, Khakimov enjoyed enormous respect among the Yemenis and Saudis. He learned French, Italian, Turkish, Farsi, and Arabic on his own. He was perfectly fluent in Arabic, and even the Arabs were struck by his ability to express his thoughts so deeply, in such a flowery style, and purely "in Arabic." It was a sheer delight to read documents written in his hand: they were written so competently, so professionally, and in such a rich, expressive language.

He was well received in palaces, and the poor peasants in their joyfully welcomed him in their huts. His home was always filled with guests—merchants, close associates of the royal family, as well as common people came. Old residents of Sanaa remember to this day how in the evenings he often would take his violin and spread sounds of beautiful melodies throughout the city. They say that many often told him: "Kerim-bey, if all Bolsheviks were like you, we would categorically agree to have socialism." That was how remarkable a person he was.

In 1938, he was arrested on false information and executed a year later.

Everyone who remembers the first Soviet ambassador talks about him as an exceptionally kind and modest person, a Jack of all trades. During his work in Arabia, he had occasion to be both driver and mechanic, repair a power station, and make furniture.

The conditions in which the officials of the first Soviet missions in Arabia worked were incredibly difficult: unbearable heat, raging diseases, lack of water and

necessary food, and the 13th century all around you in pure form! But they worked, established good and close relations, set up trade, physicians provided medical assistance to the population, and, most importantly, they aroused in the Yemenis sincere feelings of friendship and trust toward our country. And we strive to preserve and strengthen this invaluable legacy.

Of course, the conditions in which we now work are not the same, but the country is the same: with various climatic zones and landscapes, where mountains prevail, pointed grayish-brown giants, almost without vegetation, picturesque but insidious. There are no railroads here. There also are not that many asphalt roads in the country, and the ones they have are by no means autobahns, but narrow strips of highway that twist in the mountains at an elevation of 2-3 km and abound in steep slopes and zigzags falling into deep ravines. So, it is not safe to travel through the YAR without good driving skills, a first-aid kit, and a supply of water and food. One must add to this that the situation in the country with regard to sanitation and hygiene is far from most satisfactory.

Sanaa, the capital of the YAR, is located at 2,300 meters above sea level. There is a 25-percent shortage of oxygen at this level, and even healthy people sense this. There are also other particular features which would hardly make it possible to include North Yemen among the countries with the most favorable climatic conditions.

A separate, important sector of work is the diplomatic corps. Although it is small in the YAR, only 40 foreign missions, it requires constant attention, regular preparation on the widest range of issues, and quick switching in conversations from Arabic to French or English.

Islam is the state religion in North Yemen and plays a noticeable role in the life of society. That is why the publishing of an interview with the Soviet ambassador, for example in the journal of the Ministry of Awqaf and Guidance (on religious affairs), is of considerable significance. Or take this example: A newspaper (weekly) of the right-wing Moslem circles is published in North Yemen under the name SAKHWA. For a long time this newspaper contained sharp critical attacks on the Soviet Union in connection with Soviet troops being in Afghanistan. After the withdrawal of our troops from Afghanistan, it became possible for the first time to publish on its pages (actually a large part of the issue) an article by the Soviet ambassador which explained both the Soviet Union's policy on the Afghan issue and the essence of our perestroika as a whole. In general, work with religious circles is a serious direction in the embassy's activities, and ties with them are becoming traditional. Suffice it to say that the supreme mufti of North Yemen, Ahmad Zabara, has visited the Soviet Union about 20 times. Minister of Awqaf and Guidance as-Samman and a number of other figures of North Yemen attended the celebration of the millenium of the acceptance of Christianity in Rus, and Mufti Zabara took part in celebrations on the occasion of the 1,100th anniversary of



acceptance of Islam by peoples living in the Volga basin and in the Urals and the 200th anniversary of the Spiritual Administration of Moslems of the European Regions of the USSR and Siberia (DUMES). It should be added that perhaps not everyone would be able to handle this work: besides everything else, this requires an in-depth knowledge of religious issues and all the nuances of the language and the ability to listen to your interlocutor and share opinions with him on a specific topic in a skilled manner.

In recent years, the Soviet Union has been granting about 250 scholarships annually just through the Ministry of Education (not counting training of military specialists). Therefore, it is not by accident that a sizable group of the Yemeni intelligentsia today are graduates of Soviet higher educational institutions. According to certain data, more than half of the North Yemeni physicians graduated from medical institutes in various cities of the Soviet Union. Two ministers of the Yemeni government area also Soviet graduates, and perhaps it would not be an exaggeration to say that it is no longer a rarity to meet in some ministry or large military garrison Yemenis who studied in the USSR and speak Russian. True, they began teaching Russian language at the University of Sanaa only 2 years ago, and now this process is gaining strength: study of Russian language has also begun in a number of other educational institutions of the YAR.

The working and living conditions in the YAR are quite difficult: the difficult, exhausting climate, the complex sanitary situation, the overall social cultural backwardness, age-old traditions that continue to exist, and Islamic customs and standards of behavior with which our people must deal. All this makes the labor of the Soviet specialists working here difficult and sometimes strenuous. All the more pride and joy you feel for our people who, in spite of these difficulties, give all of themselves to their work and hold high the honor of the Soviet person and the reputation of their profession.

I especially want to mention our physicians—there are more than 200 working in the YAR. It is more difficult here for them than for others, and not only because they constantly encounter pain and suffering by virtue of their profession, but also due to the specific nature of the state of the local health service and the particular features of the patients. Most of their patients are neglected, poorly groomed, and usually poor, illiterate people. Our physicians often literally pull them out of the grave, performing a resurrection in plain view. This is no miracle, but high professional skill, love for their work, a kind heart, and a warm word, which has a magical effect, even when spoken in a foreign language.

Unfortunately, these words do not apply to all our people. Alas, you still encounter lack of integrity, incompetence, indifference, vulgar laziness, and a mercenary spirit. But our support and hope are those about whom I initially spoke—they preserve and strengthen the fabric

of trust and respect for our homeland that was woven by our unselfish and honest Soviet people 60 years ago.

### **Mubarak's Visit Provides New Prospects for Political Relations**

90UF0173A Moscow KRASNAYA ZVEZDA in Russian  
13 May 90 First Edition p 3

[Article by Mayor V. Yaremenko, candidate of historic sciences: "New Prospects"]

[Text] There are not many countries in the world with as long a history and cultural tradition as Egypt. In ancient times papyrus, glass, and bronze were produced there and irrigated agriculture, hydrotechnical construction and various trades were developed. The Egyptians were probably the first people on our planet to learn to orient themselves by the stars and to work out the basic rules of arithmetic, algebra, and geometry.

History does not stand still. Civilizations disappear, to be replaced by others.

Egypt has known war and epidemics, periods of blossoming and decline. The July 1952 revolution was the beginning of great changes in the life of the country. To say that socio-economic change proceeded smoothly is to resort to some exaggeration. The process was prickly and difficulties of an objective as well as of a subjective nature surfaced. Nevertheless the country was transformed into a recognized center of political and economic life not only in the Arab East but throughout the world. Today the solution of even a single regional problem is unthinkable without Cairo's active participation.

The strengthening of Egypt's role in Near East affairs is being attributed to the country's president, H. Mubarak, in the Arab press. Having the qualities of exceptional political foresight and the gifts of a fine strategist and tactician, he was able to bring the country out of isolation in the Arab world. Today the country has reestablished diplomatic relations with practically all the countries of the region and has achieved a basic agreement on the return to Cairo of the secretariat of the League of Arab Nations. Egyptian-Syrian rapprochement has begun; proof of this is H. Mubarak's recent visit to Syria and his talks with president H. Asad. A new regional union—the Council on Arab Cooperation (SAS)—has been in effect since last year, and includes Iraq, Jordan and North Yemen as members in addition to Egypt.

Recently persistent efforts have been made to overcome the impasse in the Arab-Israeli conflict. The essence of Egypt's platform is that the Organization for the Liberation of Palestine (OOP) should independently create a delegation for talks with Israel, the subject of which should be not only election in the occupied zone but also prospects for a final solution to the Near East crisis on the basis of resolutions 242 and 333 of the United Nations Security Council and within the framework of an international conference. The Egyptian initiative has

been supported by almost all Arab countries and in the West. Its concepts do not contradict the new Soviet approach to the given problem.

Since the mid-1980's Cairo has been following a policy of "positive balance" between East and West. Recently cooperation with the Soviet Union has been given a special place. Both the country's administration as well as the official press repeatedly emphasize that stronger ties with the USSR must facilitate a solution to the economic crisis and become a type of counterbalance to relations with America and an effective means of deflecting pressure on the part of Washington. This kind of pressure is being more and more keenly felt.

After the normalization in 1984 of diplomatic relations between the USSR and Egypt a persistent tendency towards the development and improvement of these relations was noted. Bilateral contacts more and more frequently began to sound like the dialogue of interested partners. One-sided rebukes and outmoded stereotypes were thrown off and a constructive approach in the spirit of the new political ideas was put on the agenda. Both Moscow and Cairo strove for this.

An important stage in the development of Soviet-Egyptian relations was the February 1989 visit of E. A. Shevardnadze, USSR Foreign Minister, to Egypt. Now for the first time in 18 years the president of Egypt is coming to Moscow. At the Soviet-Egyptian meeting it is planned to examine on a high level a broad range of questions related to bilateral cooperation and also to discuss international and regional problems. Without doubt, considering the role that our country plays in the Near East, the international situation and the situation in the region, the visit of the Egyptian leader is an important event that is called upon to play a constructive role and to open up new prospects in overall Soviet-Egyptian relations and within the system of Near East policies.

#### Views on Progress in Near East Presented

90UF0190A Moscow KRASNAYA ZVEZDA in Russian  
20 May 90 First Edition p 3

[Article by Major R. Mustafin under the rubric "The World Today: Problems and Opinions": "Each Must Take a Step Toward the Other"]

[Text]

- The Soviet-Egyptian Dialog: Constructive and Useful
- The Arab East on the Threshold of the Extraordinary Summit Conference
- Tel-Aviv Continues To Refuse To Yield

Among the events of recent days, the visit to Moscow of the president of the Arab Republic of Egypt, Hosni Mubarak, has attracted the public's attention. The very fact that this was the first time in the last 18 years that an Egyptian president has visited the USSR attests to its importance and uniqueness. New prospects for development of relations between the two countries are opening.

The Long-Term Program of Economic, Trade, and Scientific-technical Cooperation between the USSR and the ARE [Arab Republic of Egypt] Until the Year 2000 signed in Moscow is of great significance. This document defines the basic directions of interaction of the two countries and helps increase its effectiveness.

But in my opinion a different document is especially important—the Soviet-Egyptian Declaration signed by the presidents. The importance of this document goes far beyond the framework of bilateral relations. For on the one hand it affirms the need to step up efforts by the entire world community in the cause of building a nonnuclear nonviolent world and, on the other, the point is establishing lasting peace in such a volatile region as the Near East.

Against the background of a world changing rapidly before our eyes and the tremendous changes in East-West relations, the development of the peace process in the Near East seems more like marking time. Despite the growing trend toward demilitarization of international relations, the arms race and military confrontation continue here. The region's peoples live in an atmosphere of uneasy instability balancing between war and peace. At times it seems that, if time has not stopped, its march has at least been slowed down in this little corner of the globe. Even though, as M. S. Gorbachev said in a speech at a luncheon in honor of the exalted guest from Egypt, the time came long ago for the Near East to begin to turn to peace and stability and to develop normal relations between the peoples populating it.

In studying the text of the Declaration, one must certainly note that the positions of the USSR and the ARE on many aspects of the Near East settlement coincide.

It is difficult to exaggerate the importance of the appeal recorded in the Declaration to take measures to lessen tension and create an atmosphere of trust in the Near East. It seems to me that the parties' proposal to subscribe Israel to the Nonproliferation of Nuclear Arms Treaty and to the MAGATE [expansion unknown] mechanism sounds very timely. Essentially we are speaking of measures to lessen the danger of war and limit the arms race and turn the region into a zone free from nuclear, chemical, and other types of mass destruction weapons.

And I do not think that anyone doubts that this became necessary long ago. The foreign press writes with definitude that Israel already has nuclear weapons. And Tel-Aviv does not confirm or deny those reports. Iraq recently announced that it had created its own chemical weapons. And the Near East is certainly saturated with conventional weapons.

I want to mention one other aspect of negotiations. It seems to me that it is no less important than the rest. During the visit clarity was brought to such an issue as mass Jewish emigration from the USSR, and to a significant extent the sharp edge of this issue was removed. It is no secret that it has become widely believed recently in

the West and in some Arab countries that there is a "conspiracy" taking place between the USSR and the United States on the issue of emigration. People are saying that the USSR is busy with its own internal problems and has "cast off" the Arabs and turned away from them. In fact, although our country's position favors free exit from the Soviet Union, at the same time it shares concern over the plans of resettling immigrants who arrive in Israel in the occupied territories and is doing everything it can to stop infringement on the rights of the Palestinians. During the Soviet-Egyptian negotiations, the USSR's support for relations of friendship and cooperation with the Arab countries was reaffirmed.

I think that the character of the Soviet-Egyptian dialog was an example of a sober, balanced approach to the various problems of regional and world politics. Such an approach, which is based on realism, logic, and common sense, should serve as a starting point for providing the peace process in the Near East with the forward impetus which it lacks. A great deal in it depends on the positions of the parties.

Recently some things have been accomplished on the path to Arab unity. First of all I want to mention that after a long period of alienation, Syria and Egypt managed to overcome their differences and find a meeting ground in their positions and normalize relations, taking into account that both countries play an important role in the Near East conflict. The visit to the USSR of the president of Syria, Hafiz al-Assad, and the meeting of these two presidents on the eve of H. Mubarak's visit to Moscow which took place recently seem very symbolic to me. That once again shows the USSR's role and place in settling the conflict.

But there is still a long way to go to reach complete unity among the Arab states. This stands out particularly clearly now on the threshold of the Extraordinary Conference of Heads of States and Governments of Arab Countries. It opens on 28 May. And the preliminary inter-Arab ministers of foreign affairs summit meeting has been set for 22 May. The problem of Jewish immigration to Israel, which I already spoke of, and its impact on the prospects of a Near East settlement has been defined as the central focus of the agenda of the summit conference. Measures to censure Iraq, which along with the Western countries and Israel is accused of sharply increasing its military potential, will be discussed.

It is difficult to dispute the importance and urgency of discussing these issues. But I still want to acknowledge that this placement of emphasis in the agenda cannot create complete satisfaction. For the complexity of the Near East problem is by no means limited to these issues, no matter how significant they are of themselves. It seems much more important to nonetheless formulate a unified, comprehensive position in relation to settling the conflict now. This is especially important now when certain advances have been noted in American Near East policy.

Criticism of this agenda is already being heard in a number of Arab countries as well. The president of Lebanon I. Harawi insists on discussing the situation in the country and measures to insure the withdrawal of Israeli troops. As for Syria, it refused to participate in the conference because of serious conflicts with Iraq. Of course, differences exist between the two countries. But each must take a step toward the other, no matter how difficult it is. The interests of Arab unity demand that.

And what about Israel? Tel-Aviv cannot resolve its governmental crisis at all. After the unsuccessful attempts of Sh. Peres to form a government, the mandate was handed over to the leader of the Likud bloc Y. Shamir. But even he is presently a long way from success. In the pursuit of votes of the "black caftans" (representatives of religious groups are called that in Israel), the main political groupings resort to concessions to religious figures, among whom Judean fundamentalists play the lead role. Again and again the question of the start of the Israeli-Palestinian negotiations is postponed.

Internal problems are becoming aggravated in the country. Employment and social tension are rising. Along with the increased discontent of broad strata of Israeli society and the lack of real progress in the peace process, this creates an unstable situation in the country and intensifies tension in the region. Shamir's stubborn position and his rejection of the proposal advanced by the United States to hold direct Israeli-Palestinian negotiations is causing growing agitation in Washington.

For now it is not clear how the internal Israeli crisis will end—whether a new government will be set up (and who will be part of it) or emergency elections to the Knesset (parliament) will be held. There is no doubt about one thing—today Israel must take a step toward the Arabs. A step toward common sense. Especially since the well-known peace initiatives which the Palestine Liberation Organization made at one time oblige it to do so. And not only those initiatives. All peoples of the world have an interest in untying the Near East knot.

#### **Objections Concerning Soviet Emigration to Israel Voiced**

90UF0146A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 5 May 90 p 3

[Abridged reprint of article from LE MONDE DIPLOMATIQUE: "The Promised Land: No Vacancies"]

[Text] The number of Jewish immigrants from the Soviet Union is still a secret. At first informed Israeli sources were saying that 70,000 people came from there just in 1990. Now the figure is estimated at 230,000, and this has aroused genuine panic among the Arabs and among the Israelis, who are wondering whether the country will be able to accommodate so many newcomers in such a short time.



The debates this aroused in Israel and abroad gave Prime Minister Shamir an excuse to institute military censorship of all information about these new immigrants at the beginning of March this year. The next day the newspapers unanimously condemned this serious invasion of freedom of the press. According to Yossi Sarid, a deputy from the opposition Ratz (Citizen's Rights Movement), the censorship "suggests that Israel intends to settle the new immigrants in the occupied territories in secret." The U.S. State Department and American Jewish community also condemned Shamir's decision.

The general strike in the occupied territories on 28 February this year was an indication of the worries of the Palestinians who will now also have to protest the influx of Soviet Jews. Even within the territory of the Jewish State itself, the nationalist Palestinian movement known as Abia al-Balid (Sons of the Fatherland) sent a petition to Gorbachev at the beginning of March demanding "a stop to the Jewish emigration from the Soviet Union because it is being carried out at our expense and will add to our burden of oppression and discrimination."

Incidentally, it is not only the Arab citizens of Israel or the Palestinians from the occupied territories who are protesting. Some people in the Sephardic Jewish community are warning against the possible effects of the new immigrants on the living conditions of the Eastern Jews, who arrived in Israel in the 1950s and 1960s and are still being treated unfairly. One of the leaders of Ohalim (Tents), an organization of Sephardic Jews from the poor neighborhoods in Jerusalem, 34-year-old Yamin Swiss, sent Gorbachev a telegram. He begged the Soviet leader to stop the immigration because the economic and social problems of earlier immigrants have not been solved yet and said that earlier immigrants would have to be provided with jobs, housing, and education before new ones could be welcomed. This was supported by the inhabitants of other poor neighborhoods and the settlements established specifically for immigrants from the East. The telegram aroused the vehement objections, however, of some prominent members of the establishment, particularly Mordechai Eliahu, the chief rabbi of the Sephardic community, and Michael Kleiner, the chairman of the Knesset Commission on Immigration Affairs.

The number of unemployed people in Israel in 1989, according to official data, was 142,000—i.e., a figure 42 percent higher than in 1988. The publication of the annual report of the National Insurance Institute in the middle of November 1989 threw the public into a panic. It contained depressing information about the impoverishment of large segments of the population. According to official data, 296,300 families, or 834,000 people (out of a total population of 4.5 million), were living below the poverty line in 1988. According to recent reports, the average wage in 1989 was 1.4 percent below the figure for the previous year.

There is no question that the State of Israel has been suffering from a recession for several years and that the

problem has been aggravated by the Intifadeh. Of course, the country does have its nouveau riche, but plants are closing, unemployment is rising, less and less housing is being built, and poverty is spreading.

The housing shortage will naturally and unavoidably be aggravated by the arrival of more immigrants from the Soviet Union. Even Michael Bruno, an Israeli bank director, is worried. He told journalists in March that if the number of new immigrants exceeds projected figures, they will have to be housed in the temporary and wretched shelters known as maabaroth. In 1989 the cost of housing was double the 1986 cost. The interest rates on mortgage loans are constantly rising because of inflation (20.7 percent in 1989).

The poor include many Jews from Ethiopia, who were welcomed so enthusiastically when they arrived here 5 or 6 years ago. Last December a large group of inhabitants of the immigrant reception center in Beersheba, who still have no permanent addresses or jobs (they live in dilapidated and unhealthy facilities), organized a strike lasting several weeks to attract the attention of the news media and the public and to force the government to finally satisfy their demands. Last year a monthly magazine published by Sephardic activists, GALATISH ("Hammer"), compared two immigrant camps in the same city of Beersheba—one intended for new arrivals from Ethiopia, and the other for newcomers from the USSR. In the first a family of seven occupies a space ranging from 32 to 40 square meters, but in the second a small family lives in a spacious two- or four-room apartment. The former have been living in temporary shelters for more than 5 years, but the latter receive apartments in less than a year. The former earn their keep by performing heavy labor, for which they are not even qualified, and the latter are given "clean" jobs in the University of Beersheba or in neighboring chemical plants. The Jews from Ethiopia, the newspaper writes, live on the fringes of society because the color of their skin sets them apart from the rest of the population of Beersheba. In this connection, the newspaper recalls that according to the Orthodox Jewish establishment, Jews from Ethiopia are only half-Jewish. Rabbis have demanded that they repeat the rite of conversion to Judaism.

As far as national origins are concerned, the new immigrants from the Soviet Union are encountering the same problems. The Ministry of the Interior (which is controlled by members of the religious parties) and rabbis refuse to acknowledge the Jewish nationality of those who cannot prove that both of their parents were Jewish.

Employees in the Legal Department of the Ministry of the Interior have reported that the law will be amended to set stricter Israeli citizenship requirements. They justify this action by stating that 30 percent of the newcomers are not 100-percent Jewish by the terms of Jewish law.



If the religious authorities remain obstinate on this point, many immigrants from the USSR will probably have to prove their Jewish nationality by undergoing the ritual of conversion to Judaism, including circumcision for men of all ages. The arguments over these incidents could cause a new political scandal, which could split the country and motivate some newcomers to seek refuge in another country.

Another controversial issue, which already led to a genuine war between cultures in the past, has been revived by the arrival of the Soviet Jews. Some groups close to the establishment (which is still dominated by the descendants of the first wave of immigrants) have expressed their pleasure that the new immigrants will raise the cultural level of the country.

#### **Palestinian Diplomat Comments on Arab 'Anti-Soviet Campaign'**

90UF0204A Moscow IZVESTIYA in Russian  
29 May 90 Morning Edition p 5

[Excerpts from article by Rami Ash-Shayer: "'Stagnation' in the Near East; Subjective Comments by a Palestinian"]

[Excerpts] Despite the tumultuous events which, as before, are taking place in the Near East, we get the impression that the attention of the rest of the world toward this region has waned. The decline in enthusiasm is obvious. New hopes for a breakthrough in the matter of Near Eastern regulation which were engendered by changes in the international situation and perestroika in the USSR have, it seems, begun to wane.

#### **THE ANTI-SOVIET CAMPAIGN IN THE ARAB WORLD—AN ABSURDITY**

Now irresponsible appeals are resounding in the Arab world to assume "a harsher position" in relation to the Soviet Union, which has always taken a friendly position toward the Arabs. The formal reason for this has become the growing emigration of Jews from the USSR. Moreover, as we know, there are no limitations for exit (including also for Jews), for example, in the Western countries, as well as in the countries of the Near East itself. If we speak of the fact that some part of the emigres from the USSR settles in the Israeli occupied land, then, without hiding our sincere alarm on this matter, we may say that the demand not to allow this must emanate from the entire world community, including, of course, the Arab countries as well as the USA, which has its levers for influencing the Israeli political machine. For now, however, the primary target of criticism is the Soviet Union which, in essence, has done nothing to violate the international responsibilities and itself, in turn, speaks out in favor of adhering to them, including the non-acceptance of colonization of the Palestinian lands.

Under these conditions, the anti-Soviet campaign in the Arab world and the demands to impose sanctions against

the USSR, and especially the threats of extremist actions in regard to Soviet representatives which have resounded in recent months from the camp of the ultra-right wing radicals, are only capable of complicating the situation in the region and of subverting the very foundations of the peace process. Objectively, extremism of this sort is beneficial only to the enemies of fair Near Eastern regulation, since it will cause a negative shift in world public opinion and reduce the moral support which the Arabs have received in recent times.

However, this is only one side of the matter. The other consists of the fact that the question of emigration of Jews from the USSR to Israel is not only not the determinant, but not even a secondary question in the current situation! After all, ultimately, if we, the Arabs, finally achieve a fair regulation of the Near Eastern problem, the questions of colonization of the Palestinian lands will be resolved by themselves, as will the questions associated with the status of Jerusalem and many other problems which have constantly arisen and are still arising because the region as a whole (let us be honest with ourselves) has lived and continues to live under front-line conditions.

We are speaking, of course, not of closing our eyes to the facts of suppressing our freedoms and rights, not of "forgiving everything", not of mechanically transferring to our regions the formulas for regulation which are acceptable for other regions of the world. The task consists of something else: To create through compatible and goal-oriented efforts the conditions for beginning the peace process, to convince the entire civilized world of the fact that we, the Arabs, are no less ready than Israel, and even more so, to make compromises and adopt mutually acceptable decisions if they will bring peace, the restoration of justice and security for each of the peoples of the region. Finally, our task consists of more actively including both the USA and the USSR in this process—for which purpose a more aggressive and active policy is required, and for which we must first of all not allow absurd steps capable of depriving the Arab world of the sympathies of the Soviet people.

#### **Iraq's Military, Political Status Profiled**

90UF0189A Moscow ARGUMENTY I FAKTY  
in Russian No 21, 26 May-01 Jun 90 pp 6-7

[Polemical comments by Orientalists Yu. Georgiyev and Yu. Dakhb under the rubric "Viewpoint": "On Iraq Without Any Stereotypes"]

[Text] Up to now little information on events occurring in Iraq, a country lying merely a few hundred kilometers from our southern borders, has permeated the Soviet open press.

But what is the political order of this Arab state with a population of 16 million people like? Despite many predictions, the regime headed by President Saddam Husayn not only survived the 8-year war against Iran, which caused enormous losses and destruction to the

country, but also became significantly stronger—on the wave of nationalism which arose after Iranian troops entered Iraqi land. The country's economy suffered severely, but the existence of enormous reserves of oil and influxes of foreign capital make it possible to consider the prospects of reviving the economy completely favorable. S. Husayn, according to reports of the foreign press, feels stronger and more confident than ever.

The armed forces, which number approximately 1 million hardened soldiers, almost 5,000 tanks, and about 500 combat planes plus missiles and chemical weapons, are the main support of the regime. The existence of such a large army allows Iraq to conduct major offensive military operations. No one knows in what direction, it is true. Iraq is declaring itself the main shock force of the Arab anti-Israeli front. But for now the Iraqis have recently sent large shipments of weapons, including many tanks, to the rightist Christian forces of General Awn, who is considered the main adversary of Syria in the complicated and multisided Lebanese internecine warfare.

The second main support of the regime is the Ba'th Party. Its full title is the Party of Arab Socialist Renewal (PASR). It has its own armed formations to which most of the civilian members of the party belong. In the thinking of the country's political leadership, these formations are supposed to serve as a kind of counterweight to the regular army.

The third support is the state security service, which has literally permeated the entire society. As the English journalist V. Mallet observes, "Iraqis are afraid to express their thoughts aloud even in the family circle—the state security apparatus is so frightening and the system of informers is so efficient. Executions (shown on television) are a daily occurrence."

#### **The Cathedral of Power Based on Blood**

The first Ba'thists came to power as a result of a military coup in 1963 for just a few months. They managed to "become renowned" only for brutal extermination of communists and Kurds and were overthrown by the military. At that time the Soviet government and the CPSU openly condemned the Ba'thists' actions.

The Ba'thists came to power for the second time in 1968, and for a short time it seemed that they had learned from the bloody mistakes of the past. Social-economic reforms were carried out and the main task of the PASR was seen as "implementing a program of socialist transformations in all areas of Iraqi society."

General al-Bakr (the former prime minister of the first Ba'thist government in 1963) was the head of state for more than 10 years, but everyone knew that the real leader was his relative, the young and energetic Saddam Husayn. In 1979 he became the full-fledged master of the country in the rank of president after sending the old general to retirement.

S. Husayn, a lawyer by education, first became known in 1959 when he participated in an unsuccessful attempt on the life of the dictator at that time, Kasem.

The Iraqi president was born in the small town of Tikrit, from which practically the entire party and government elite have come. As one American journalist wrote, "The Iraqi leaders have stabbed each other in the back for so long that they can't trust anybody anymore and believe that they've got to cling to people from their native city." But Husayn did not even spare "his own" Tikrit people if he believed that they represented a threat to his advancement: in heading the party security service, he methodically cleared a path for himself. The history of the supremacy of the Ba'thists is an unending chain of conspiracies, purges, and executions and the periodic elimination of groups of "traitors." When in 1979 Husayn was officially established in power as president, the first thing he did was to exterminate (as always, quick as lightning, without a trial or investigation) a large number of the members of the Revolutionary Command Council. Before reporting about their execution, our PRAVDA wrote: "The traitors were relieved of their posts."

#### **The Trap**

But all this happened in 1979, 11 years after the Ba'thists had come to power a second time. From the start the Bakr-Husayn regime tried to make the most favorable impression both within the country and abroad. And above all in the eyes of the USSR, toward which a "strategic orientation" was adopted.

And one piece of evidence that the Ba'thists had taken up a progressive path was the creation in 1973 of a unified front with the communists. Soon, however, it turned out that this was nothing more than a maneuver: at that moment the Iraqi regime had to deal with the Kurd uprising first of all and it temporarily neutralized the communist party in order to come down on that party with the most brutal repressions later.

In the late 1970s thousands of communists were declared traitors and exterminated. A real hunt was set up for them. They burst in on persons suspected of belonging to the communist party in their houses and institutions and they were killed in front of their relatives and coworkers and right in the streets.

In scope the execution of communists in Iraq can be compared only to the similar events in Chile as a result of the military coup of 1973 and in Indonesia in 1965.

A small number of Iraqi communists managed to escape into the underground or flee to the north to the mountains of Kurdistan, but the main forces of the communist party were routed. The Soviet Government and the CPSU Central Committee did not make any public protests against the Iraqi regime at that time.

### The Ba'thist Solution of the Nationalities Question

Nor were protests made in connection with the many years of war which the central government waged against the Kurds, who were fighting for their autonomy in the north. In 1974 autonomy was finally granted, but in a fairly limited form, with the seizing of territories which had been Kurdish from time immemorial and in addition were rich in oil. And once again the Kurds were not reconciled and again a prolonged partisan war erupted.

Ultimately the Iraqi Kurds, presumably numbering about 3.5 million people, were on the verge of a national catastrophe. After brutally suppressing the Kurdish liberation movement and smashing the rebel forces, the government organized real genocide against the peaceful population and launched not only a 70,000-member army against them (August 1988) but poison gas as well. Escaping from the fatal gases, more than 100,000 Kurds fled to Turkey. At least that number of people had crossed the border with Iran before that. In 1987 1,000 Kurdish villages were destroyed and then a 30 kilometer "safety zone" was set up and all the Kurdish population of the border regions was forcibly moved away from it. By early 1988, according to reports, only 1,000 of the 4,000 Kurdish villages remained and one-third of the entire territory of Iraqi Kurdistan was "freed" of the population which had lived there for many centuries.

### Why Were We Silent?

It is a fact that an equally successful maneuver by the Iraqi leadership, but now in foreign policy, was the conclusion in 1972 of the Treaty on Friendship and Cooperation with the USSR. And at first everything seemed to go by the plans of the creators of our foreign policy. Iraq nationalized the oil reserves which belonged to foreign monopolies, carried out socioeconomic transformations, and steadily moved toward socialism, while the USSR for its part actively helped it by helping to create Iraqi industry and power engineering.

But gradually the focus in relations changed more and more to the military field. It was profitable for us to sell the weapons for which Iraq paid hard cash and we sold them. According to foreign data, in only 5 years, from 1982 through 1987, the USSR delivered weapons worth 10 billion dollars to Iraq, and these deliveries were started back in 1958.

Of course, there were not only financial motives. Iraq's great geopolitical significance was certainly taken into account, but considerations of a political-ideological character were apparently more fundamental. The real state of affairs in Iraq, even after the execution of the communists which soon began, was of no great importance in the eyes of our then-leaders compared with the opportunity to "add on" one more country to the "steadily expanding sphere of influence and dissemination of world socialism." In foreign policy, as in domestic policy, the stagnant bureaucratic regime could not get along without false reporting and keeping up appearances.

The brutal terror and nonstop repressions gave the 53-year-old Saddam Husayn the opportunity to set up an altogether unlimited dictatorship. He is the president of the republic, the supreme commander of the armed forces, the general secretary of the regional leadership of the Ba'th Party, the chairman of the Revolutionary Command Council, the chairman of the council to fight against illiteracy, a "knight of the Arab nation," the hero of national liberation, and the "warrior-chief." His image is hung and placed literally everywhere.

### Afterword

In publishing this sharp material which is unusual for our press, the editors of AIF note a certain one-sided approach of its authors to Iraq's contemporary history. Thus, we should mention that after the 1958 revolution, Iraqi communists committed serious errors in their policy in relation to the Ba'thists which led to bloody confrontations with them. Given the in many respects fair evaluation in the article of the ruling regime in Bagdad, one still must not forget that even our history abounds in a multitude of examples of genocide by the authorities against their own and not only their own people. Governments come and go, and peoples should not be judged by them. And those feelings of friendship and trust which the Soviet people and the Iraqis experience were and continue to remain the basis of our relations.

And the last thing. Up to now when the representatives of one friendly country or party or another have found material which they do not like in some Soviet printed publication, they have immediately lodged protests with the USSR MID [Ministry of Foreign Affairs] or the CPSU Central Committee, since they are certain that it is precisely those organizations which inspired the material they did not like.

Incidentally, that is how it really used to be most of the time. We think that the time has come to openly express our opinions without necessarily rejecting the viewpoint of certain official organs which conduct our foreign policy and, if that organization deserves it, to criticize it.

### Activities of India's Two Main Communist Parties Profiled

90UF0186A Moscow PRAVDA in Russian 20 May 90  
Second Edition p 5

[Article by V. Shurygin: "How Many Communist Parties Are There in India?"]

[text] Tell me about the communist movement in India, please. What is the difference between the Communist Party of India and the Communist Party of India (Marxist)? [Signed]—YE. SARYANTS, Gagra, Abkhaz ASSR.

Readers V. Teryayev of Moscow, I. Nekhayev of Stavropol and G. Limarenko of Lvov, and many others have asked the same question.



The Communist Party of India (CPI) was created in December 1925. For many years it operated underground. After the country obtained its independence in 1947, the CPI came to play a significant role in the country's political life. Thus, in the 1957 general elections it played the role of the principal opposition party in parliament. That same year, the party won a victory in the state of Kerala, where a communist government was formed for the first time in India.

The CPI split in 1964. Two parties began operating in the country: the Communist Party of India, which maintained its previous name, and the Communist Party of India (Marxist). The reason for the split was growing disagreement in the party leadership on a number of questions of strategy and tactics concerning its activities inside the country and in the international communist movement. The CPI-M took positions close to those of the then leadership of the Communist Party of China, while the CPI remained on the side of the CPSU. On matters of internal political development the former came to play the role of an implacable opponent of the then ruling Indian National Congress Party, while the latter followed a tactic of alliance and struggle with it.

With the passage of time, the contradictions between the two Communist Parties began to ease. Since the late 1970s both parties have been in opposition to the INC government. Their differences over questions of the international communist movement have narrowed. At the same time, the CPI and the CPI-M retain essential differences in their programmatic documents to this day. Thus, for example, the former is for the creation, in India, of a national democracy, while the latter is for a people's democracy. From time to time, they engage in sharp polemics and trade accusations about being to blame for the split in the Indian communist movement.

In the parliamentary elections of November 1989, both Communist Parties set themselves the goal of defeating the Indian National Congress [All India Congress Committee (I)], headed by Rajiv Gandhi, and of isolating the extreme rightist forces represented by the Bharatiya Jamata Party (BJP) and by certain Moslem parties. The

first part of the task that the Communists had set themselves was accomplished—the National Front won a victory in the elections. The leader of the front, Vishwanath Pratap Singh, formed a government based on the Communist Parties and the BJP, which had sharply increased its parliamentary representation by winning 88 seats. Undoubtedly, with the present balance of forces in the legislative bodies, the Indian Communists have a greater chance than before of influencing government policy. A thing that worries them is the growing strength of the BJP in a number of large states in the country's north.

The CPI counts 455,000 members in its ranks, and its organizations are active in 21 of the country's 25 states. The party is represented by 21 Deputies in the lower house of the parliament. Indrajit Gupta was recently elected General Secretary of the CPI National Council.

The CPI-M has about 500,000 members. The party's organizations are active in 20 states. It has 32 Deputies in the lower house of the parliament. E. M. S. Namboodiripad is the General Secretary of the CPI-M Central Committee.

The CPSU maintains good relations with the CPI and the CPI-M. Representatives of the two parties participated in the work of our party's 28th Congress.

In conclusion, I would like to report that there are still other Communist parties in India. They are extremely small in size, however, and do not play a role of any significance in the political life of the country—or even of any particular state. In that category, one might include the United Communist Party of India, which was founded in 1988, and the Maoist-type Communist Party of India (Marxist-Leninist), which was formed in the late 1960s.

Many prominent progressives political and public figures in India consider it absolutely necessary that Communists unite in a single party. This is impeded, however, by a number of objective and subjective factors—including the personal ambitions of certain Communist Party leaders.



### Foreign Ministry Official On Developments In South Africa

90UF0183A Moscow *RABOCHAYA TRIBUNA*  
in Russian 22 May 90 p 3

[Interview with Boris Rubenovich Asoyan: "Southern Africa: On The Threshold Of Democracy?"]

[Text] Boris Rubenovich Asoyan is a leading Soviet Africa specialist who has been studying the problems of the "Dark Continent" for nearly a quarter century. He has worked as a correspondent for the political weekly *NOVOYE VREMYA* in the countries of eastern and southern Africa and has served as Deputy Director of the USSR Academy of Sciences Africa Institute. Today B. Asoyan is Deputy Director of the USSR Ministry of Foreign Affairs Africa Directorate, and he can doubtless be included in the wave of top-flight specialists—specialists who are highly educated and capable of thinking in broad terms—who have come to our foreign policy department in recent years. Today *RABOCHAYA TRIBUNA* international commentator Vladimir Mikhaylov speaks with Boris Asoyan.

[Mikhaylov] The departure from the scene of authoritarian, dictatorial regimes, the universal affirmation of democratic norms of life, the priority of universal human values—such, it seems to me, is the basic tendency of world development on the threshold of the 21st century. One gets the feeling that mankind is striving to cast off, in a matter of just a few years, the burden of mistakes that have accumulated in social development, and is beginning to understand its supreme responsibility for the fate of the small ship in the boundless ocean of the universe whose crew and passengers we are. And even in the Republic of South Africa, which just a few years ago seemed an absolutely unshakeable bastion of racism, the situation in changing for the better—right before our eyes. This is happening so suddenly and rapidly that, to be honest, one is left simply dumbfounded.

[Asoyan] Not that suddenly. For these changes have been approaching, inevitably and irreversibly, and for some time now. It is another matter that, to us, the system did indeed seem unshakeable and unchanging. Generally speaking, we had a distorted perception of what is taking place in South Africa for a long time, something characteristic of a society that thinks in categories of black and white. I refer not to blacks and whites in the RSA, but to our own society, which did not recognize half-tones.

And now for the present situation. The modern period leading up to this situation has been under way for 15 to 20 years now. Since the early 1970s, as the scientific and technological revolution has developed, the RSA economy has undergone structural changes. Millions of people engaged in unskilled labor is an unaffordable luxury in the age of the scientific and technological revolution. For an economy to function, it must become science-intensive. The numbers of white skilled workers clearly had become insufficient. A dangerous vacuum

formed, one that could not be filled with black specialists even if the desire was there—for there were no such specialists, for all practical purposes. The RSA business world sounded the alarm and began pressing the government, telling it that stagnation phenomena were strong and that something had to be done if disaster was to be avoided.

During these same years, a new upsurge in the liberation movement began. The most active and influential African National Congress (ANC), which operated underground, was joined by new political forces. And, finally, the problem of apartheid assumed a worldwide character. That system was declared a crime against humanity, and the UN imposed sanctions on Pretoria. The combined force of this three-sided pressure forced Pretoria to urgently seek a way out.

[Mikhaylov] The flexibility of businessmen, including in political matters, is well known and understandable. But for the National Party old guard, the very thought of change seemed blasphemy. And that was probably when the decision was taken to sack the obstinate Vorster, who had compromised himself.

[Asoyan] It is difficult to say with certainty that he was sacked. But the political scandal involving high-level corruption, so-called "Muldergate," could not have come at a more opportune moment, and in the fall of 1978 Pieter Botha assumed the helm of state. He was able to understand that in the conditions that obtained, the system of apartheid in its "pure" form wasn't working, and he tried to adapt it to the new situation. Over a 10-year period, his regime carried out a whole series of reforms. The ban on trade-union activity was lifted, and the law on mixed marriages was repealed. Instead of the pass system for blacks, which showed literally every step a person took, a passport system was introduced for all. Botha also tried to ease apartheid in everyday life: Restrictions on the use of certain social services were lifted, and the "For Whites Only" signs disappeared.

But instead of the expected stability and racial harmony, Botha's reforms led to even greater tension. They had clearly failed. This was primarily due to the fact that, in taking one step forward, Botha promptly took one and a half back—a game characteristic of reformers who seek to preserve old structures, to pour new wine into old bottles. As a result, pressure on the white minority government began to grow on all fronts. The threat of comprehensive sanctions became increasingly tangible. The movement against apartheid began spreading even to the white population. Economic problems intensified.

The seeds of the crisis that paralyzed South Africa at this critical period of its history were also planted in the 1984 Constitution, which created a presidency with almost dictatorial powers. On acquiring that power, Botha began "winning back" his reforms. In doing so he undermined his prestige once and for all. He had only to

fall ill in January 1989 to be instantly "devoured" and forced to retire. At that point, Frederik de Klerk, a hitherto unknown whom no one had considered a serious contender for power, unexpectedly acceded to the post of leader of the ruling National Party, and subsequently to the presidency as well.

[Mikhaylov] Yes, he had become active in literally the final stage of the election campaign. At the time, I must admit, I didn't take him seriously either. The fact is that the statements he made on the eve of the election, for all the unexpectedness of some of them, failed to transcend the limits of campaign grandstanding. He could tell liberals that he would do away with apartheid, and on the next day, speaking to a rally of rightists, he would assure them that the whites would govern the country forever. But on becoming President, de Klerk instantaneously achieved almost unbelievable recognition, in my view. After meeting with him, E. A. Shevardnadze—who rarely misjudges people—said that he trusted de Klerk. And such an implacable opponent of apartheid as Nelson Mandela said that he considered him an honest man.

[Asoyan] As I said, de Klerk surprised many people with his election. And then he continued to surprise almost every day. No, not by his statements—South African politicians had said such things before. [yeshche i ne takoye slyshali] Pretoria had so often failed to keep its promises that not believing it had become good form. Nor did people believe the new President. But de Klerk began keeping his promises.

He promised that he would end support for the armed opposition in Angola and Mozambique—and he ended it. He promised not to attack his neighbors, to withdraw the troops from Angola, and to seek political solutions to the most pressing problems confronting southern Africa—and he did that. Namibia's declaration of independence and the easing of tensions in the region became possible largely thanks to the fact that he faithfully traversed his part of the path.

He has released many political prisoners—including Nelson Mandela, the leader of the liberation struggle, lifted the long-standing ban on the ANC and the South African Communist Party, and eased restrictions on press freedom.

Needless to say, all these changes can—and must—be considered a victory for the movement against apartheid, but we should not belittle the personal courage of de Klerk and his desire—to all appearances, a sincere one—to maintain the pace of change he has set.

De Klerk still has a long way to go to prove to the whole world that South Africa has changed. But it can be said that for the first time in many years, a rather strong leader with a specific and largely positive program has emerged in that country.

[Mikhaylov] However, the apartheid system continues to exist. And this is precisely what accounts for the continuing sanctions against the RSA and blocks its return

to the world community. It would seem that a single step remains to be taken in order to normalize relations with most of the planet's states and to emerge from isolation. Nevertheless, that step is not being taken. Why?

[Asoyan] One simply can't up and abolish apartheid, for more than just "For Whites Only" signs is involved here. Apartheid is not simply racial discrimination, but a system that encompasses all aspects of life. The minority that usurped power has created a system to its own liking—at the expense of the majority. Color needn't necessarily play a decisive role. In this sense, apartheid cannot be considered as a purely South African invention. It is sooner a special form of totalitarianism. Compare it, for example, with the so-called command-administrative variant: You have the same sort of minority, whose privileges extend to absolutely everything—beginning with the mass media and ending with cemeteries. Racial discrimination in South Africa has existed ever since whites and blacks began living alongside each other, but the system of apartheid came into being after 1948, when it was codified by a multitude of laws that regulated all areas of life without exception. It seems paradoxical, but that way of life has become the norm for many people, and there are even people in the black community who are content with the existing order.

It will take time for apartheid to disappear, and this will be a lengthy process. The blacks will have to squeeze the slave out of themselves drop by drop, and the whites—the master.

As for ending the boycott of the RSA, this will require new decisive steps by the government: It must repeal the remaining discriminatory laws, grant political rights to the majority, and draw up a new constitution together with all the country's political forces. Given such a course of events, the question of sanctions will doubtless be reconsidered.

[Mikhaylov] We also know little about the actual situation in the RSA because we do not have our own representatives and journalists there. But this hasn't always been the case. [no ved tak bylo ne vseгда?] Moreover, following E. A. Shevardnadze's meeting with de Klerk in Windhoek, it was announced that contacts between the two countries would be continued and expanded. In what field can we cooperate with the RSA?

[[Asoyan] We maintain contacts with RSA representatives in the framework of the joint commission for a southwest African settlement, [sovmetnaya kommissiya...] and we meet at various international forums. South African tourists and journalists are visiting the USSR, and our journalists—infrequently, it's true—have begun visiting the RSA. A group of Soviet scholars went there recently. Such contacts will apparently be expanded somewhat. As for official relations or trade and economic cooperation, we adhere to the UN view: As long as the sanctions are in place, there will be no changes.

Looking back at history, we see that Russia and South Africa had fairly good ties. Russia helped the Boors in their war of liberation against the British, and people in South Africa have not forgotten this. Our countries maintained rather active economic, political, and cultural contacts from the 1920s through 1940s. We were allies in World War II. Incidentally, that was when our consulate general was opened in the RSA. It existed until 1956. The South Africans set up various funds to assist the USSR and collected food, medicines, and money. Our films were shown in theaters in Capetown and Johannesburg, and Soviet literature was widely available. Nor do many people pay attention to the following fact: All works of any significance by South African writers, poets, and playwrights are translated into Russian in the USSR. Furthermore—we seldom speak of this too—a rather sizable number of our compatriots have settled in South Africa.

[Mikhaylov] They are no doubt descendents of the Russian immigrants who went there during the British-Boor war or immediately after it.

[Asoyan] No, not exactly. Russians also went there in the middle of the last century. In "Frigate of Pallad," [Fregat

Pallada] Goncharov describes a meeting with an old Russian who was taken prisoner by the French in 1812 and ultimately wound up in South Africa. Of course, in comparison with the British or Germans, for example, the influx was negligible, but thousands of Russian immigrants lived there in the 1940s.

[Mikhaylov] And what about today? Are Russians going to South Africa?

[Asoyan] Lately, some Soviet emigrants are apparently considering the RSA, too, as a possible place to settle. Some may have relatives there, while others have received job offers. Such instances are few, but they do exist.

[Mikhaylov] This is truly an unexplored and extremely interesting question, but it is probably a subject for another discussion, since our time today, as I see from the way you're glancing at your watch, is up. Let's hope that irreversible changes in the direction of dismantling apartheid and establishing a democratic state really are taking place in the RSA. Thankyou very much speaking with me.

**END OF**

**FICHE**

**DATE FILMED**

16 July 1990